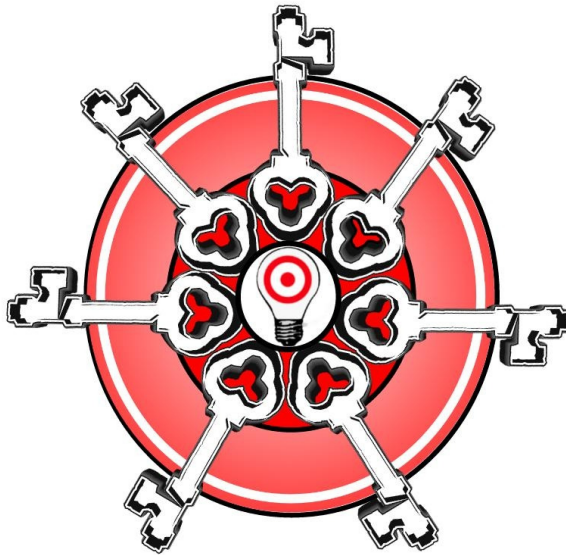


The Seven Keys to Marketing Genius



***The Complete Guide to
Increasing Your Marketing IQ***

MICHAEL DAEHN

***The Seven Keys to Marketing Genius:
The Complete Guide to Increasing
your Marketing IQ***

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A Special Thanks to Helen Williams and
Silvana Daehn for editing the text!

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For Silvana

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Introduction

So you want to be a marketing genius? It is not as difficult as some say, and you are well on your way since you are reading this book. *The Seven Keys to Marketing Genius* is certain to increase your marketing IQ whether you are a seasoned professional or a beginner. There are more approaches to marketing than Christian churches have denominations. In the case of churches, each denomination holds certain principles and beliefs in common; that is what makes them Christian. In the same way, there are certain principles that are always involved in the process of marketing. This book will lay the foundation for sound marketing strategy while at the same time challenge common assumptions. It can be fun to take a rebellious approach, but you have to know the rules before you can break them, so keep reading.

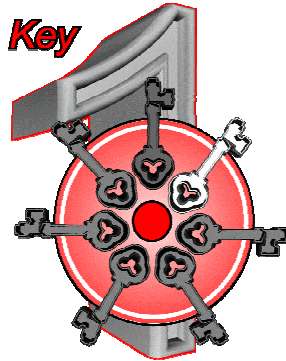
Many marketing books jump right into the promotion process where instructions on how to broadcast the marketing message are described in detail. The problem with that approach is that if you are sending out the wrong message, it will not only be ineffective but counterproductive. That is why this book begins by creating a sound strategy upon which to base the promotion process.

Because what you are communicating is so important, this book starts with defining the message that you are going to broadcast. *Key 1: Find Your Advantage* outlines a process for determining what advantage your product has over the competition. Having an advantage is core to competing today, but without the right team in place to promote the message, long-term success is

doubtful. *Key 2: Define Your Purpose* helps you set a direction for your company and your product. Once you know where the company is going, *Key 3: Create an Image* describes the process of communicating an identity and brand to the target audience. The nuts and bolts process of getting the message across to consumers is laid out in *Key 4: Implement Promotions*. *Key 5: Build Relationships* tells you how to sustain long-term success and establish protected relationships with customers. To gauge the effectiveness of your marketing efforts, you must use *Key 6: Gather Feedback*. Since our world is in constant flux, it is necessary to use *Key 7: Adjust to Changes* in order to remain competitive in the marketplace.

I hope this book will give you a grasp on the big picture and define a format for thinking about the marketing process. Once you understand the form, I pray you are bold enough to demonstrate your freedom to customize, tweak and bend the rules to suit your purposes. What you do with the information is more important than remembering a list of facts. As Einstein said, “Imagination is greater than memory.” The *Seven Keys to Marketing Genius* is a springboard to increase your marketing IQ. These concepts are intended to provide fertile soil in your mind in hopes that your own unique ideas will germinate and grow into the next marketing revolution.

Note: To get the most out of this book you should get the *Companion Guide*. This guide provides study questions for each chapter to help reinforce the information. It also contains worksheets and a complete marketing plan outline to help you put your new found genius into action right away. Visit www.sevenkeysmarketing.com to find out more.



Key 1: Find Your Advantage

All marketing focuses on communicating to customers the advantage of your product over the competition. To compete in the marketplace, you must find what your company or organization offers better than the competition. What unique competitive advantage do you offer? What are the distinctive competencies that separate you from the pack? A SWOT analysis will help you find your advantage.

SWOT

When I suggest organizations perform a SWOT analysis, they usually confuse me with the exterminator. However, the SWOT analysis process is not about swatting insects, but about finding the advantage of an organization or a particular product. SWOT is an acronym that stands for *strengths*, *weaknesses*, *opportunities*, and *threats*.

A SWOT analysis is best performed before going to market with a product or developing a new business enterprise. If there is no competitive advantage then it is

not likely the company will be sustainable. Many of today's most successful companies had every piece of strategy written on paper before laying a single brick. It is better to see on paper whether a business is viable before investing valuable time, money, and other resources.

Generally companies start off in a haphazard fashion and get to a point where they decide to get more organized. They hire a consultant who recommends going through the process of a SWOT analysis. There is much more at risk for these existing organizations. What if they discover they have no real competitive advantage in the market? For these organizations, a SWOT analysis can be a nerve-racking experience because so much is at stake. Should they close up shop and go home if they don't find a competitive advantage? Maybe, or they might decide to shift their strategy to one better suited to their skills. The good news is that many discover, or rediscover, why they have been able to compete to date. The SWOT analysis helps them to regain their focus and concentrate on their core competencies.

For those new to the SWOT analysis, a good exercise is to do a personal analysis to determine your individual strengths, weaknesses, opportunities and threats. If you are starting a new company, it is useful to analyze an organization with which you are extremely familiar. This helps you to become comfortable with the process.

As you can see, a SWOT analysis can be done on many levels. A SWOT analysis may be performed for an individual, organization, or corporation. Certainly when considering a new product launch, you should use this process for the product itself. In this section I am referring to creating a SWOT analysis for an organization.

Implementing a SWOT Analysis

A SWOT analysis can be done on many levels. In my role as a university professor I have my students perform a personal SWOT in order to get a grasp on the concept. They list their individual strengths, weaknesses, opportunities and threats. I then take them through the process for their school as a whole. I ask for input from the whole class and write their answers on the whiteboard. In organizations that have different departments, I advise having each department perform a SWOT, as well as a SWOT for the whole organization.

When creating a SWOT, it is best to get all the stakeholders into a room and create the SWOT together on a whiteboard. For larger organizations when this is not possible, distribute questionnaires to all the stakeholders. Gather the information and create an analysis based on their feedback. A combination approach involves giving questionnaires to all stakeholders and then getting team leaders and managers into a room to create a final version based on feedback from the managers' and the other stakeholders' input.

To begin the SWOT analysis, gather information from as many stakeholders of the company as possible. Stakeholders are any persons who have an interest in seeing the company succeed. This includes owners, managers, employees, partners and key customers. Once you have identified the stakeholders, present each with a SWOT questionnaire. Next, cull together all their input into a master analysis.

The SWOT analysis begins by having stakeholders list the strengths of the organization. These are *internal* elements that are *positives* for the organization. Things like products, people, and corporate culture are all strengths. Being first to market with a product, having a well-trained staff and organizational alignment with mission are all strengths.

Next, dig deep and honestly consider the weaknesses of the company. Even the strongest organization has weaknesses. It is better to be aware of these weaknesses and address them in the proper manner; otherwise they will fester in the background until they eventually take over and destroy the positives. Weaknesses are *internal* elements that are *negatives* for the organization. Weaknesses can also be people, products and corporate culture. Being last to market, a poorly trained staff and organizational misalignment are all weaknesses. Have participants write as many weaknesses as possible, but try to get at least five before proceeding.

Typically companies have two extremes when completing this portion. Either the participants are naïve and over positive, or pessimistic and negative. Neither is conducive to a productive analysis. Every company has a weak flank; it is best to understand vulnerabilities and take necessary precautions. On the other hand, do not allow this to become a gripe session for every disgruntled member of the company to complain. Make sure to bring forth realistic and useful information that can help the corporation create an action plan to succeed in the future.

The next letter of SWOT stands for the O in opportunity, but we will come back to these at the end and skip to the threats for now. Threats are *external* and *negative* environmental factors beyond the control of the company.

The word threat connotes fear; as well it should, because these external elements have the potential to kill your company. Competition, changing consumer tastes, and copies of your product by others are all examples of a threat. Be honest, what threatens the livelihood of your company?

Talk of weaknesses and threats can leave you feeling deflated. Now is the time to turn that frown upside down and look at the many opportunities afforded the company. Opportunities are *positives* that can result by being proactive, capitalizing on the listed element. Go back to the list of strengths, weaknesses, and threats and decide how each can be a positive opportunity. This is an easy task for the strengths, but is more difficult with the weaknesses and threats so you will have to be creative. For example, how can lack of training be an opportunity? The company can train its people the proper way without their having to unlearn a great deal of information.

SWOT Analyzing Inside the Outdoors

When I was contacted by *Inside the Outdoors* to do some marketing consulting, the first thing we did was perform a SWOT analysis. Inside the Outdoors is a wonderful program affiliated with the Orange County Department of Education that provides school-age children with hands-on environmental education experiences. The organization is comprised of three programs. The Outdoor Science School program places students in a camp setting for a week to get them immersed in an environmental learning experience. The Field Program provides field trips to local harbors, beaches, and parks so that students are able to participate

in an outdoor classroom for the day. The Traveling Naturalists program takes the outdoors to the students by bringing a van full of animals to local schools for assemblies.

I met with the leaders of the individual programs to create a SWOT for the whole organization. They were given the SWOT form to fill out before the meeting. There was some difficulty and confusion during the process of whether their answers should concern Inside the Outdoors as a whole, or should they answer for their individual programs. We decided to create a SWOT for the whole of Inside the Outdoors since the marketing plan that was being created was for the organization as a whole. I recommended that it would be beneficial for the various programs within Inside the Outdoors (and I recommend the same for any organization with subprograms or departments) to create a SWOT and a marketing plan for each of the programs at a later date. One of the side benefits of the process was that the leaders felt as if they were all a part of the same team for the first time. They realized that their resources, goals, and identity were interdependent on the other programs. Inside the Outdoors had so many strengths that choosing a particular one to promote was difficult. In the end we decided the hands-on approach to education was their distinct competitive advantage.

Competitive Advantage

What sets your company apart? What areas are unique and cannot be easily copied? This is a crucial discovery for organizations. Your competitive advantage

is what sets you apart and makes up the message that is broadcast by means of the integrated marketing communication process. This is where the rubber meets the road. You should come to one of three conclusions:

1. There are things about the company that are unique and not easily duplicated so they are better than the competition.
2. The company is just like their competition, no better no worse.
3. The company is worse than the competition.

Take a deep breath and go back to the list of strengths on the SWOT analysis to determine what items are distinctive to the company. When determining the competitive advantage of the company, I caution you to avoid basing it on a supposedly unique product. It is very difficult to have a sustained competitive advantage based on a product in our modern technological age. In the past, a technological innovation on a product could give a company the advantage for decades since others were not able to copy the product easily. Today successful products can be, and often are, copied in a matter of weeks if not days. Many software applications are copied (though not necessarily legally) almost immediately. For these reasons, it is very difficult, if not impossible, to hold a competitive advantage based on technology or a technologically superior product. For these reasons there has been a shift to the intangible elements of customer service and other value-added components dominating the marketplace. Competitive advantages today are usually based on service, reputation and longevity.

First to Market

Being first to market with a new product *can* provide a sustainable competitive advantage when marketed properly. This may sound like a contradiction to the above paragraph, but it is not. Being first to market with a product can establish the image of the brand in the mind of consumers (*Key 3*). The competitive advantage is the identification of the company as being the originator of the product, not the product itself. Rollerblade was the first inline skate company and is synonymous with the product. All other inline skates are copies of Rollerblades in the minds of consumers.

By being first to market, a company has the opportunity to establish itself as the originator and to paint all competitors as copycat, inferior products. They also have the ability to be the first to create relationships with customers (*Key 5*). If you are first to market, concentrate on establishing a brand image (*Key 3*) and building relationships with customers (*Key 5*). Do not promote how no one else has anything like your product because tomorrow there will be a copy.

Tired of Poor Service

I went to a tire store for new tires. I walked in and waited patiently while the clerk was on the telephone. After a few minutes, I started to pick up on his conversation; he was talking to a friend about baseball cards. I was not pleased and walked out of the store. As I got to my car, he came out of the store after me and asked what I needed. I said I needed tires, but since he did not have time to greet me, or ask me to wait a moment, or in

any other way acknowledge my presence, I was going to go somewhere else. I also told him plainly “I can get tires anywhere.” While this is a customer service issue, it also illustrates the point that tires are the same anywhere. They are merely round pieces of rubber as far as I am concerned and there are about 12 tire stores within a 5-mile radius of my house. I am going to go to a retail location where my needs are met: not just my need for tires, but my need for civility and courteousness from the sales staff.

No Advantage

If you find no unique strength(s) for your company or product then there is no competitive advantage. If this is true in your case, I recommend you do not spend any more time, money, or other resources in development. Either find a way to differentiate or find another way to make a living. Fortunately there is the ability to add value through great service and by creating and sustaining relationships with customers (*Key 5*).

If this is true, why are there so many companies out there that are doing the exact same thing as their competition yet continue to exist? Some companies have found a way to communicate a unique market position to their customers, even if it is only a matter of perception. Some have great relationships with existing customers and are subsisting on their patronage. For others, it is just a matter of time until a shake-out narrows the field and puts them out of business, as witnessed by the demise of thousands of mediocre Internet companies in 2000.

To use scientific terms, “only the strong survive,” so a thinning of the herd will take place sooner or later.

Science also teaches us that only one species at a time can occupy a particular niche. The same is true in business. If you do not have a competitive advantage then you will not survive.

Only One

Do not panic if you find only one unique strength that can be considered a competitive advantage. Be thankful you have one at all. Many find through this process that they have none. There is the threat of the competition catching up to you when you only have one area of expertise, but marketing an company or product is actually simplified by having one dominant advantage instead of trying to communicate multiple messages at the same time.

Some companies find that they began by capitalizing on a unique strength, but have since strayed away from their original competitive advantage. This loss of focus on their core will catch up with the company. Companies cannot keep their position in the market without maintaining a competitive advantage, even if they are able to survive for a time on the returns from earlier success.

In one case I facilitated a SWOT analysis for a private university. The school is located in the heavily populated Orange County area of Southern California. We determined that one of the distinct strengths the school had over the competition was the location of the campus on a beautiful green hill away from the congestion of the surrounding cities. Comparable schools in the area were all located in the middle of busy streets and intersections. Few others had the same amount of green space as this

university. For the competition to copy the advantage of this university they would have to purchase and tear down neighboring commercial areas and turn them into grassy knolls. This is a difficult if not impossible proposition for them, which makes this feature a distinct competitive advantage for the university. Right now the university is in the process of developing much of the green space and putting up new buildings. While the university has other strengths and advantages, I am curious to see how this will affect their ability to compete in the future since they are removing one of their only irreplaceable and irreproducible competitive advantages.

Perceived Value and the Quality Myth

Many people try to compete either on price or on quality. Their ads tout their product as the low price leader, or the best quality available. These are both ambiguous descriptions that have little rational value. It is not wise to base your marketing message on either of these. Price, as we will discuss later in the text, is not a competitive advantage because it can easily be copied almost immediately. Your competition need only match your price, and your perceived price advantage will vanish.

Why wouldn't quality be a competitive advantage? The reason is that quality is relative, subjective, and determined by the consumer. Ask five friends what constitutes quality and they will usually give you different answers. What you are promoting as quality may not mean the same thing to your customer.

Learn From Coca Cola

In the 80s Coca Cola was winning the cola wars. They were dominating Pepsi in sales and things looked good. The new CEO of Coke wanted to go further. What bothered him was that Pepsi consistently beat Coke in blind taste tests. The CEO reasoned that this was because Pepsi had a better quality product. I think he was right. If tests based on what people prefer based on how the cola tastes is a measure of quality, Pepsi was better. The CEO decided to do something to improve the quality of his product. His answer was New Coke, which was a copy of the sweeter, less carbonated taste of Pepsi.

The result was a tremendous backlash from the Coke faithful. Consumers were disgusted with Coke for changing the recipe they had loved for years. Cases of old Coke were being auctioned like fine vintage wine. The CEO wisely gave in and brought back the old formula as Classic Coke. New Coke seems to have disappeared since then, and all that is available is Classic Coke, now called just Coke again. This illustrates the point that New Coke was better in physical quality due to taste tests than Classic Coke, but Classic Coke was perceived as being the original and therefore of higher quality. Quality is in the mind of the consumer.

Define Quality

The word quality is used so much in the marketplace that it no longer has significant meaning. Everyone claims that they are high quality. Please understand I am not saying an inadequate product will work. Your product must live up to the promises it

makes. If you say your product kills athlete's foot, your product needs to deliver. Besides potential lawsuits, people will catch on to the validity, or lack thereof, of your claims. The problem is when companies say they provide quality without defining what they mean. It is generally assumed by consumers that you are making the best product you can.

I usually come across this problem when developing mission statements with businesses. I worked with a restaurant that wanted to make "providing quality" part of their mission. Sounds nice, but how do you really provide quality? I pressed for answers and found they meant "treating customers and coworkers with respect in a clean and family-oriented environment." These specific descriptions of quality are easier to measure and to communicate to customers.

Quality Pattern

While individual definitions of quality differ, there is a pattern to buyer behavior. In general, whatever is the leader in a category is perceived as being of quality. In other words, whatever sells the most is usually seen as being the real thing or the name brand. Others are seen as imitations, copies, and therefore not as good as the original. Even if the products are identical in every other way, imitators are perceived as having less quality.

Tagline

The tagline is a distillation of the competitive advantage into a single word or sentence. The tagline will appear on every piece of promotional and organizational communications material. For the tagline to be effective, it must reinforce the unique competitive advantage of the company. A simple and easy to remember tagline is best. Try to use literary tools like rhyming and alliteration. It is also helpful if it clarifies the purpose of the business when the name does not clearly do so. The purpose is to get the company's competitive advantage stuck in the heads of customers. The more complex and convoluted the tagline, the less likely this will happen.

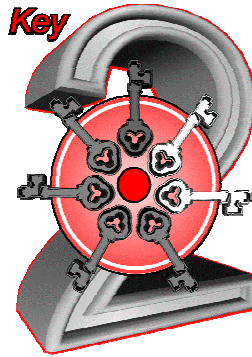
Many taglines do nothing to clarify the advantage of the company. Nike says to "just do it." Just do what? And what does this have to do with their advantage? Why is this company a better choice for me as a consumer than their competitors? The answer to all these questions is "I don't know." I don't think they could tell me why they are better if I asked the CEO himself, probably because they have not gone through the SWOT process. That's great if you have a few hundred million dollars a year to spend on advertising to keep your company in the mind of the consumer, but most companies don't have such resources. Nike is a major market force today, but they are weak on this point of promoting their competitive advantage. A savvy marketer could give a competitor a way to overtake the shoe giant and give Nike a run for its money (pun intended).

Get Your Hands on Nature

In the case of the Inside the Outdoors SWOT analysis, we discovered the distinct strength of the program is the unique hands-on science education that takes place in the various programs. After taking the organization through the SWOT analysis and recognizing this advantage, we determined a good tagline would be “Get Your Hands on Nature.” It is simple, easy to remember, and captures the essence of the program. Another positive is that this is not a typically passive tagline, but one that calls for action.

What and Why

Completing the SWOT analysis provides an organization with an assessment of the potential for success. It is best to do all of this on paper before investing time or money. Smart new companies today have everything planned on paper before a single brick is laid. The SWOT analysis illuminates the competitive advantage of the organization, which provides a basis for all marketing activities. Once you have discovered your advantage or the “what,” you must now determine your purpose or the “why” of the organization by defining your purpose.



Key 2: Define Your Purpose

Why are you in business? What are you trying to achieve? How will you measure your success? Answering these questions is vital to defining your purpose and *Key 2* will help you get started.

Mission

The overarching purpose of an organization is described in its mission statement. The mission is the most important strategic element of any organization. It is also one of the most overlooked and misunderstood. A mission statement defines the *raison d'être* of the company. The mission gives purpose and meaning to daily activities. A mission statement is to a company as a thesis is to an essay. Neither makes sense without a clear statement as to what is to be accomplished. In a well-written essay, every sentence supports the thesis. The thesis of this book is that there are seven keys to marketing success. Every sentence is written in support of this thesis. In the same way, every activity of a company

should be in concert with the mission statement. The mission clearly defines for all stakeholders what the company is striving to achieve.

The mission is a filter for every decision made, from banal details to watershed movements. “Does this fulfill the mission?” should be the question everyone asks when making decisions that affect the organization. Some mission statements are several pages long, while others are just a word. Here are some helpful guidelines for creating a mission statement:

- *Make it memorable.* It may be great, but if people can’t remember it, the words are useless. In most cases, brevity is more effective than exhaustiveness.
- *Make it relevant.* If it does not connect with the various stakeholders of the organization, people will likely ignore it.
- *Make it theirs.* You must get input from as many people as possible or they will not buy into the mission. Remember this axiom: “involvement equals commitment.”

I recommend that people create a personal mission statement for themselves before going through the process of helping to create one for their organization for two reasons. First, people have a better understanding of the process and the value of creating a mission. Second, they will be able to determine whether their personal values are in alignment with those of the organization.

Backwards Creation

A great tool for creating a mission statement is to start at the end and work backwards. What do you want to accomplish? What do you want people to say about the organization 50 years from now? In seminars I have people create a personal mission statement. To visualize the future, I have participants pretend they are at their own funeral. I ask these questions:

- Who is present?
- Are there loved ones, family, coworkers, friends, teachers, coaches, and/or children?
- What is each one saying about your life?
- Do you like what they are saying about what you accomplished with your life?
- If you could choose, what kind of things would you *want* them to say about you?

In doing this exercise over the years, I have discovered a similarity in people's responses. Typically, people want to be remembered as kind, friendly and contributing to society. I ask, "How many people said they would want their loved ones to remember them for the cool car they drove?" I have never had anyone raise his or her hand. I also ask, "How many of you have that as a current concern?" Most people do raise their hands. There is an inconsistency between what most people value and what they are busy pursuing. The same principle is true of organizations.

Based on the responses to these questions, people are usually able to formulate what is most important to them. When they stop and reflect, they can see whether they are currently living their lives in a way that will get them to the point where people will say about them what they want

them to say. The mission statement defines what the person or organization values and the standards they pursue. To create powerful mission statements see the *Seven Keys Companion Guide*. Accomplishing the mission is dependent upon setting and reaching goals.

Goooooal!

In Los Angeles there is a famous soccer announcer that shouts “goooooal” at the top of his lungs every time someone scores. If you have seen an international soccer match, you know that every time there is a goal the announcers get very excited, the fans go crazy, and the players go nuts and run around the field, often ripping their shirts off their backs. Setting goals does not usually connote excitement, but reaching goals does. In order to fulfill your mission, short- and long-term goals must be set and measured to evaluate progress. To learn how to create measurable goals worth celebrating, see the *Seven Keys Companion Guide*.

Review, Reevaluate and Revise

While the mission is the guiding force, it is still a work in process. If you have done the hard work of creating a mission statement, it will come to mind whenever making decisions. The mission should be reviewed, reevaluated and revised at least twice a year. You should evaluate how well the organization is fulfilling the mission. If it is aligned with the mission you can feel confident that you are on the right path. If not, then you will need either to refocus the energies of the organization

or to revamp the mission statement to more closely fit with the true values of the organization. I wrote my personal mission statement, then reevaluated and rewrote it several times. I still review it frequently but have not revised my mission for several years. I have changed my behavior several times by reviewing my mission and realizing when I get off track.

Discovering Mission

Writing a mission statement is often more a matter of discovering a mission than creating one. In the illustration of the funeral, most people have an idea in the back of their minds of how they would want to be remembered. Many people have never taken the time to contemplate what is really important to them, and often once they do, they see their values do not align with how they are living their lives. The most important things to them, like family and relationships, usually get put on the back burner due to pressing concerns like finances and daily banality. Creating a mission puts life into context and helps to determine not only what is truly important but also whether or not you are on the path to accomplishing the important.

Quality People

It is often more difficult to do this as an individual than for an organization or product. It takes a great deal of introspection and personal discipline. I recommend having people on your team who are capable of thinking at this level, because they will likely perform better and

provide a greater overall contribution to the organization. When I present this exercise in seminars, I find a great deal of resistance. I think the reason is that people feel uncomfortable with how out of alignment they are with their own values and mission in life. The reason I perform this in traditional business settings is because it lays the foundation for understanding the mission and alignment of the overall organization.

Alignment

I was trying to park my truck and I banged into a curb pretty hard. For the next few weeks, until I got it repaired, whenever I took my hands off the wheel, my car would veer to the left. My truck had become misaligned. Have you ever driven a vehicle that is out of alignment? When you drive down the road, you have to hang on to the wheel with both hands or the car will swerve into the next lane. If the car is out of alignment enough, it can actually try to pull you right into oncoming traffic with disastrous consequences. As bad as that sounds, imagine a car with wheels pointed in different directions, some going forward, some in reverse. How far do you think a car like that would travel? (See figure 2.1.)

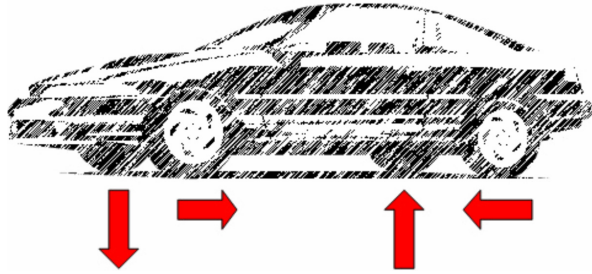


Figure 2.1: Misaligned Vehicle

Obviously a car this far out of alignment would not get you to your desired destination. The same is true for organizations that are out of alignment. In every organization people have an agenda. People have an understanding of why they are there and what they are supposed to be doing. Sometimes their understanding is correct and at other times they are way off base. Even when members of the organization are not sure what they are supposed to do, they still come to their jobs with a perception of what they think they should accomplish each day. This is just as true for the President and CEO as it is for the guy sweeping cigarette butts in the parking lot. Where each fits into the makeup of the organization is demonstrated in figure 2.2.

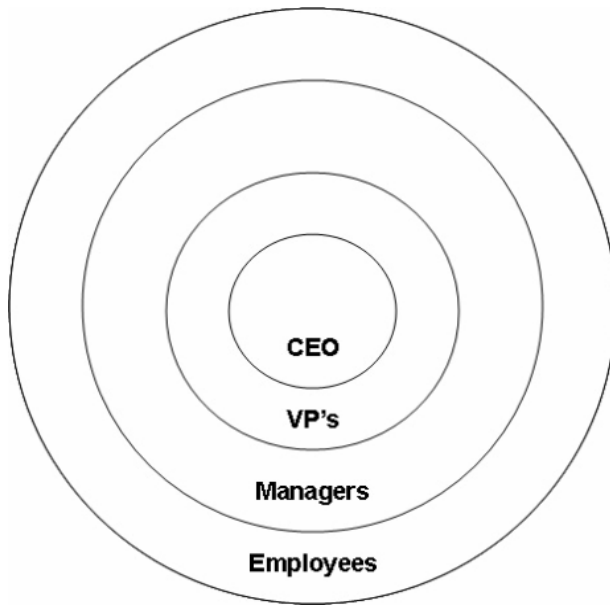


Figure 2.2: Sample Company

You can substitute the titles in your company for those in the illustration. For the organization to function efficiently, every level must be headed in the same direction. In reality, different levels do not typically head in the same direction. Everyone does what seems right in his or her own eyes. Without an overriding purpose that everyone is aware of and buys into, people will drift off in their own directions as seen in figure 2.3.

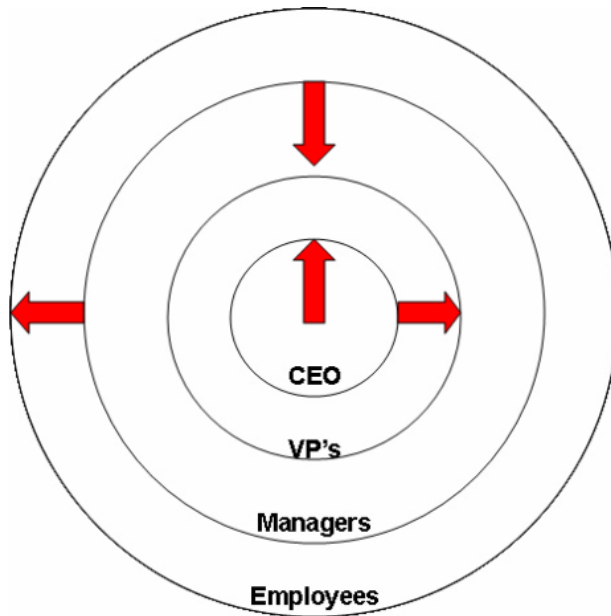


Figure 2.3: Company Misalignment

It is not altogether uncommon to find companies that look like the one in figure 2.3. In fact, unless the leadership is intentional about alignment, it is more likely to observe misalignment than alignment. You can see how different levels are working directly against the others. Sometimes this is intentional when you have disgruntled employees disobeying company policies or, even worse, sabotaging the progress of others out of jealousy or bitterness. It is difficult for a company to make much progress when everyone is doing his or her own thing.

So how does a company become aligned? Everyone must understand and buy into an overriding purpose. You should already know where this is heading. This overriding statement of purpose is most commonly called the mission statement. After creating a mission statement, the task of leadership is to get the personnel aligned with the mission of the company as in figure 2.4.

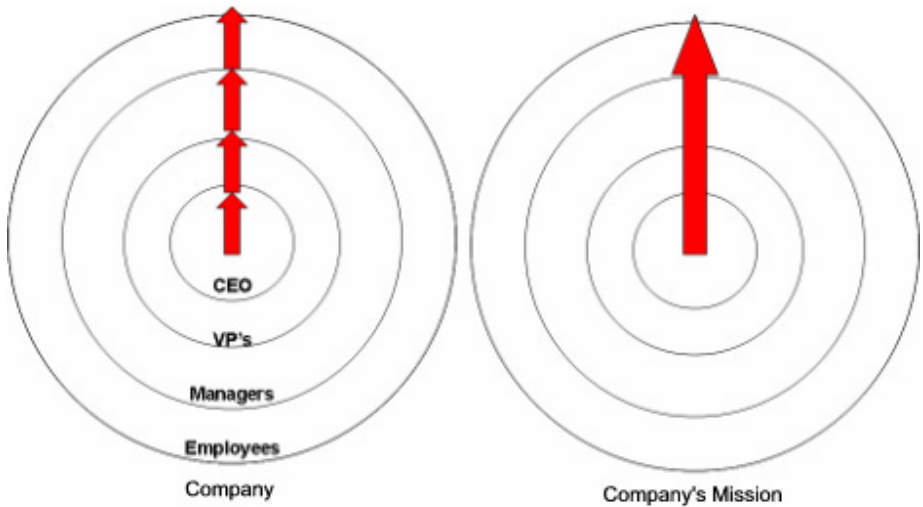


Figure 2.4 Alignment of the Company with the Company's Mission

Individual Missions

Everyone has a purpose for his or her life that he or she pursues. Some people work for money while others want to contribute something meaningful to society. Sometimes their mission is conscious, but often it is not. Regardless of their awareness level, if the mission of

individual members and the mission of the company do not align, there will be major problems. You will see the same results as putting a wheel on a car that only drives sideways; the car will not function properly. For this reason, members must have an alignment of their personal missions with that of the company.

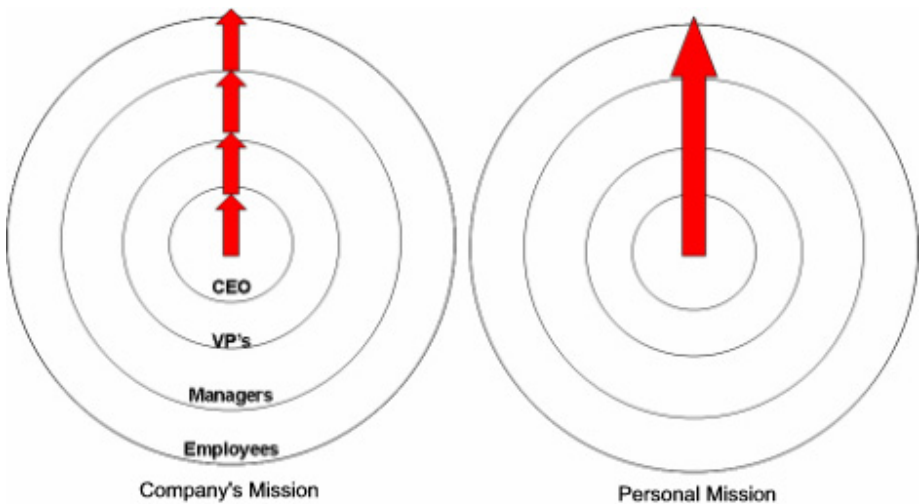


Figure 2.5 Alignment of the Company's Mission with Personal Mission

This is where hiring practices become important. First, the organization must be able to articulate its mission. Next, interview questions must be asked to

determine whether a prospective employee would add momentum to accomplishing the mission or be a driving force in a different direction.

Career Counseling

What do you do about the company's current members with a conflicting mission? They should be counseled to get on board or to seek work elsewhere. Not only do they hold back the company, they are not going to be happy working for a company whose purpose conflicts with their own. The sooner they move on, the better for both parties.

See The Principle

There is another layer to the alignment picture. To be successful at any level, a mission must align with principles. Principles are universal truths or laws, such as gravity. If you walk off a cliff, what happens? You go straight down and make a splat. It does not matter whether or not you believe in gravity, the principle exists and you will live (or die) by the consequences.

In the same way, there are principles involved in marketing. The more you understand these principles and align to them, the greater the likelihood for success.

As a university professor I typically demonstrate this concept by having my students make paper airplanes at their desks. I then have them aim their creations at a particular target and send them flying. A chorus of giggles occurs as a flood of paper airplanes crosses the room.

Usually only one or two come close to the objective. Planes thrown forward fly sideways, do loop to loops or take a nosedive right into the floor. I ask my students whether they think they could make a better airplane if they were well-versed in the principles of flight. Do they think a pilot or an aircraft engineer could design a better airplane? Invariably, the answer comes back “yes, of course.”

Understanding gravity, acceleration, lift, thrust, velocity and the other principles of flight help aircraft designers make better flying aircraft. The more the designer’s craft is in harmony with these principles, the more likely the plane is to fly. In other words, their mission of creating an aircraft must be in alignment with the basic principles of flight in order to be successful. Likewise the marketer who understands the basic principles of marketing, or the seven keys to marketing genius, is more likely to be successful.

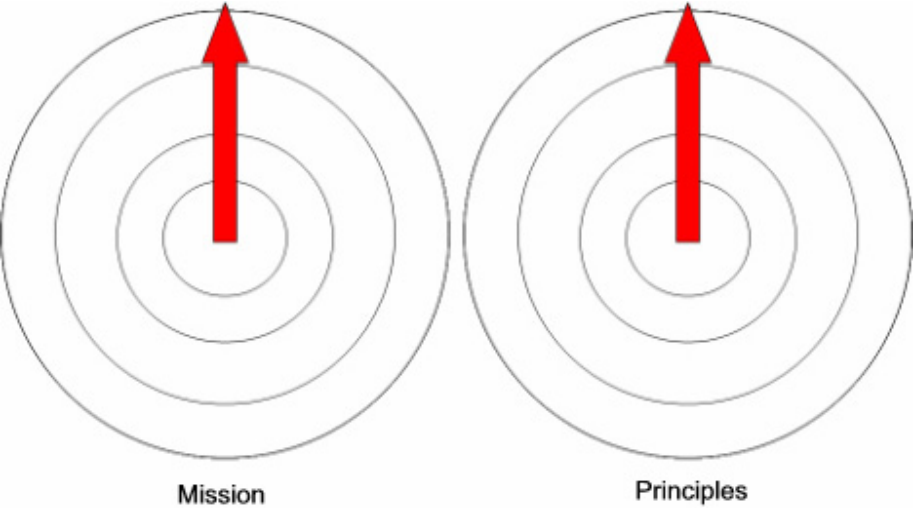


Figure 2.5 Alignment of Mission and Principles

To harness the power of alignment, every level must be in harmony. All your circles must be parallel and all your arrows must be pointing in the same direction.

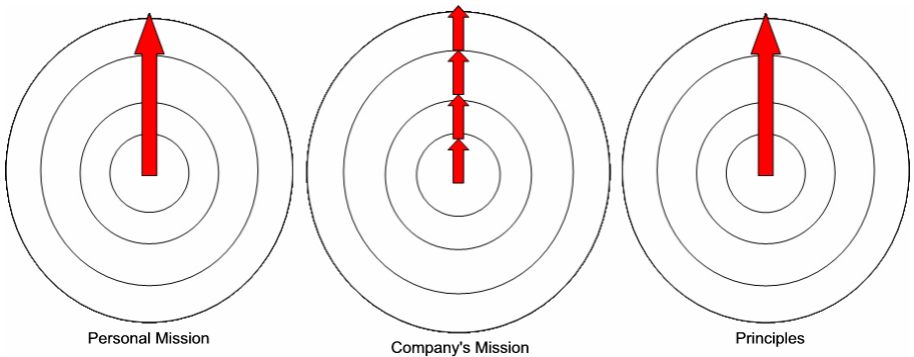


Figure 2.6 Alignment of Personal & Company's Mission and Principles

Synergy

One plus one equals three or more. In the world of math, that does not add up correctly. When it comes to people, it is called synergy. Synergy is people coming together to accomplish more than they could do individually. Sports teams talk about the chemistry of a team being important. There have been many teams that did not look like much on paper, but together they were able to win championships. In construction, a single block of wood that is one-by-one inch thick could hold up ten

pounds of weight. Two single blocks of wood stacked together would logically hold up twenty pounds of weight, but instead can hold up one hundred pounds of weight. The two blocks together can do exponentially more than they could do alone.

These are examples of synergy. Alignment within organizations creates powerful synergy. When everyone is working together for a common purpose and going in the same direction, they can become virtually unstoppable. This momentum will carry over into the marketing process, particularly in the area of promotion (*Key 4*).

Vision

Though the terms mission and vision are typically used interchangeably, there is value in defining them as different tools. While the mission is a snapshot of how the current day-to-day activities of the organization look, the vision is a future-oriented picture of where the company is going. The mission and vision must be in harmony with one another, but they are distinct. The vision is more of a stretch of the imagination, a best-case scenario of what the company can look like; it defines the destiny of the organization.

Another important aspect of the vision is that it is visual. It should be an actual physical picture. Usually this will coincide with the distinct competitive advantage of the organization and the logo, but not necessarily. People need a picture they can visualize (*Key 3*). To create a vision for your company see the *Seven Keys Companion Guide*.

Conflicting Missions

What happens when the members of an organization do not agree on a mission? Conflict. The conflict will be resolved eventually by everyone agreeing on a common mission, individuals leaving the organization, or the dissolution of the organization itself.

I did a mission-building workshop for a small and growing company I worked for called XCOM. I had the different members work through their personal missions and what they felt the company's purpose should be. It became apparent that one of the owners, Betty, had an opinion of why we were working together that was very different from one of the other owners and most of the employees. Betty felt the main purpose of XCOM was to make a profit. Her partner and most of the employees were there to build a legacy and a company that would be respected. I was at a bit of a loss at the time, because I had not expected this to happen. There was no way to agree on a mission for the company in the hour we had set aside for this meeting. I recommended that we think some more, and I would take everyone's ideas and create a draft to e-mail around for approval. My draft, which was a compromise of the conflicting missions, was rejected by Betty and the other employees who had their own versions they preferred.

Needless to say, I was never able to create a concrete mission for XCOM. I also watched these conflicting values play out during my time there. Betty and the other owner and employees had petty arguments and did not get along. I could see that the root problem of most of these arguments had to do with a different view of why the company existed. Betty was viewed as a penny-pincher who only cared about money. Betty viewed the

others as being irresponsible with company resources. Who was right? I think they both were right in a way. It is irrelevant who was right or wrong; the point is that they would always have a difficult time working together, since they were going in different directions.

One of our brightest employees who had been vocal in the mission-building workshop just picked up and left one day. He was there to create a unique company and leave a legacy; this was in conflict with the way Betty was trying to run things.

Because my role with the company was also not clearly defined, I was moved around to different departments a couple of times and finally was made the marketing director. I had a big problem because I did not know what I was trying to market. I could not get a clear answer on what exactly our business was doing and who my target market was. Definitions of what we were trying to do changed from day to day and week to week. This is understandable since some days we were trying to build an identity as an innovative company, and the next day we were talking about jumping into a popular market and doing the same things as our competition to make some quick cash. The company did not have a mission, and the personal missions of the stakeholders were grossly misaligned.

I had a few ideas for marketing promotions, but the lack of a definitive purpose and a commitment from management to allocate finances meant they were never implemented. I sat at my desk and listened to the owners feud about what the company was trying to do. I tried to think of something productive to do with my time, but had no real purpose to pursue. I felt guilty taking a paycheck, so I advised my boss to lay me off and use me

as a consultant if he wanted to do any marketing in the future. A couple of months later, citing a lack in sales, I was taken up on my offer and laid off. Betty and the other owner never did get along. The fighting grew more furious and finally the ownership disbanded.

Could creating a mission statement have saved this situation? Probably not, but it could have saved some aggravation. The inability to agree on the purpose of XCOM and create a mission was a clear indication of what was to come. From the beginning, they should have either come to a consensus or decided to part ways. This would have saved time, money and heartache.

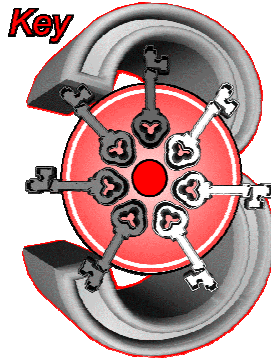
Natural Alignment

Not all organizations struggle with alignment. Some great companies have neither gathered all their people in a room to draw a bunch of circles on the board nor had mission-statement writing marathons. However to be successful, they did have an implicit and tacit understanding of these common elements. They may not have verbally defined their purpose, but they acted with a common purpose in mind. If your organization has not created a mission statement, it should do so right away. If your organization has diverging missions for each department and is totally out of alignment, this process will provide a platform for discussion and get you all on the same path. If you have been acting within a common purpose already, then the process will be simple. Having a defined purpose provides a way of attracting and retaining like-minded employees, members and customers.

Long-Term Focus

The story about conflicting missions should illustrate the necessity of having a definitive purpose for any activity, corporation or organization. To go through the above exercises can be exhausting. Even those organizations that see the value of defining their purpose have difficulty putting in the effort and resources to do this kind of planning. There are scores of organizations that ignore these strategic tools and still survive. The question is what kind of organization do you want to be? Do you want to have a short-term focus and be overtaken by a better-organized competitor down the road? Do you want to provide a workplace that allows people to participate in the strategic process and find fulfillment in their work? Do you care about attracting and retaining quality employees?

If you want to market your product or company for the long term and create a protected relationship between members, employees, and consumers, you need to put in the effort (*Key 5*). You must invest time and energy into creating and/or defining a strategic plan for the company. Doing so will provide a firm foundation for enduring success. Once you have defined the “what” and the “why” of a company, it is time to start communicating this identity to customers.



Key 3: Create an Image

The purpose of advertising is to promote image and awareness. Before you can implement promotions (Key 4), you must create an image. An image is both a concept and a physical visual representation. I am not an artist, nor do I pretend to be one. While I understand the importance of creating a unique and powerful image, I have not been blessed with the ability to create visual images. Therefore, this section provides an analysis of proper strategy, not artistic instruction. If you do not possess the artistic skills yourself, I recommend you hire someone skilled in graphic arts to help you turn your strategic image into a physical visual reality.

Visual Orientation

How many times have you heard a friend say a movie was stupid, but you should see it anyway because the special effects were great? This is an example of looks

being more important than content. There have been several movies that weren't good movies, but had great special effects and therefore set box office records. On the other hand, there are great films that are not widely seen because they do not have enough visual appeal. I have a friend who will not watch black and white movies because he finds it too great of a distraction.

Society in general is becoming increasingly visually oriented. In their book *13th Gen*, the authors Neil Howe and Bill Strauss describe how generation X (also known as 13th Gen) grew up with color televisions and video games and therefore seeks visual stimulation. Posterior generations like Generation Y continue to be enamored with the visual. Some have criticized the trend of form becoming more important than function and looks more important than content. While we may not think this is a positive direction, the implications are clear: to compete today, you must have the right look. It is not enough to have a good product; you must also be able to attract the attention of the audience. The look should enhance the image of the product while maintaining alignment with the mission (Key 2) and promoting the competitive advantages of the organization (Key 1).

Logo

The logo is a visual representation of the organization or the product. The logo must be used to reinforce the competitive advantage of the organization and tie into the vision of the company. A good portion of any target market is going to respond to either the logo or a combination of the logo with other marketing elements. Besides being visual, logos also have the advantage of

being global. Billions of people around the world understand the Nike Swoosh. Unlike names or fancy fonts no translation is necessary. I cannot overstress the importance of the logo in modern marketing communications.

Colors and Style

The use of proper colors is sometimes overlooked. Certain colors evoke certain emotions. Pink is probably not a good uniform color for police officers. Careful consideration should be made about what colors appropriately express the image you are trying to convey. I suggest getting assistance from a professional artist who understands the use of color and style when creating an image for the organization.

Anthropomorphic Brands

Key 5: Build Relationships details the crucial nature of creating a connection with consumers. People are more likely to feel connected to a person than to an inanimate object. For this reason many smart companies have created a personality to represent their product. There are three typical ways to connect the product to a personality:

Connecting to a Person- The brand is attached to a person, typically the founder such as Ford motors named after Henry Ford, or Dell Computers named after Michael Dell.

Connecting to a Personality- While Microsoft is not a personal name, most people connect the company to its founder, Bill Gates. In the case of Disney, the personality has shifted from Walt Disney to Michael Eisner.

Creating a Character- Mr. Whipple was created to represent a sometimes-embarrassing product toilet tissue, while the Doughboy is a giggling little character for Pillsbury.

By creating a personality, companies provide someone that people can relate to on a personal level. Images that connote personality do better in the marketplace than impersonal or generic brands.

Consistency

To reinforce and promote an image, the organization must use its logo and tagline at every opportunity. All marketing materials should look the same, feel the same, and share the same style. In other words, to achieve synergy all marketing communications should be in alignment with one another (Key 2).

JAAIDK

What in the world is JAAIDK? It's just another acronym I don't know. I am amazed at how start-up companies that are establishing their identity try to use acronyms. They reason that many of the most successful companies use acronyms. What they don't consider is the millions or billions of dollars spent by those companies to

establish an identity before they were known by their initials. Most organizations are not in a position to spend that kind of money to get their names recognized.

I recently purchased a game called ACRONYMITY. It is a trivia game with over 5,000 acronyms as questions. You are given the letters and have to come up with what they represent. A category and hint are also given, because many acronyms stand for more than one thing. (For example, in marketing the term CRM stands for both customer relationship management and cause related marketing.) Trying to communicate with acronyms can be very confusing, especially for customers. Do yourself a favor and use a name people can remember.

UMG

I was trying to explain this concept to a friend who was starting a new graphic design company. He created a great logo with the letters UMG. Do you know what UMG stands for? Neither does anyone else. He explained to me how many big companies are known by their initials and use them as a logo. I explained that those companies had spent millions of dollars to get into the minds of their customers before being known by initials. This gentleman is a graphic artist so I also explained that I would expect an artist to be able to create a logo that represented his company better than these three letters. He told me the way he designed the three letters was unique and would be enough to garner attention from his target audience. However since advertising is aimed at creating image and awareness for new customers, by definition, people targeted would not be familiar with the company nor the acronym. If UMG is one day a household name for

graphic arts, I will eat my words (but he still will have spent unnecessary millions before people could identify the company).

SBG

I worked for a company called SBG (I am using the acronym here for anonymity). I was in charge of marketing and had just finished the beta version of the website. The co-owner of the company, after spending many hours and dollars on design, told me to leave the company logo off the website. He explained that he did not think the logo was a good match for the company.

I can understand his not liking the logo. What I do not understand is why he did not say anything before we had printed letterhead, business cards, and now a website with that logo. He told me many companies do not have a logo and picked up a magazine to show me all the companies that just had their name with no logo. There are many companies without a logo that just write their brand name in a font. A name written in its own unique and often-copyrighted font is a great branding tool. This is not the same as having a logo. When creating a visual presence and establishing a relationship, you should use all the branding tools available. A unique font and a logo are a minimal necessity.

I told my boss that I respected his view. I felt it was my duty as the marketing director to point out the advantages of having a logo on the site, but I would respect his wishes. When it came time to launch the website, I did not have the heart to leave off the logo, particularly when the rest of the company loved the logo.

I decided to leave the logo on the site. I was laid off a few weeks later - just a coincidence I'm sure.

The Numbers Game

Would you like a V, 500 or 505 today? Not sure what I am talking about? These are the names of different personal digital assistants (PDA) made by Palm. I have worked in retail sales since I was a teenager. I had the opportunity to sell Palms for a while. It was difficult for me as the salesperson to keep it all straight, and the customers were very confused by all the numbers. It is easier for people to remember names than to remember numbers (another reason to attach products to a personality). Eventually Palm came out with a new line of products. The high-end PDA was called the Tungsten T, and the low-end PDA was called the Zire. I was excited that Palm had learned from its mistake and now was using names that people could remember. But then Palm added the Tungsten C, the Tungsten W, and the Zire 71. If you are wondering what the 71 meant, nobody seems to know. These PDAs were all different prices with different features. This is even more confusing than just using numbers. At least in the past, each Palm had its own number; now different Palms had the same name too.

Do not name your product a number. Numbers are not attractive and do not have the ability to build relationships with people like actual names can (Key 5). Here is another tip: do not mix numbers and letters. Ever notice that it is harder to remember your license than your phone number? That is because our brains are made to handle either numbers or letters. Mixing the two only adds confusion. Stay away from names like Marketing4U.

Besides being confusing and causing problems when creating a web address, they do not look professional.

Marriage

The label reads “New Betty Crocker chocolate cake mix with real Hershey’s Chocolate Syrup.” A popular trend is to partner with other companies or organizations to promote a product, but is this a good idea for the two companies?

There are pros and cons to these types of partnerships. On the plus side, they can gain the synergy of combining the recognition of both companies. Those who do not know or trust Betty Crocker may be sold because they love Hershey’s. Each company gains access to the prestige and clientele of its partner.

Minuses are when people do not buy the product because of the partner. Those who do not like Hershey’s (this does not include me, I love Hershey’s) will probably choose an alternate cake mix. When you partner with another company, you give up control of your most important asset: your brand image. If for some reason the reputation of your partner is disparaged with your name attached, this has a negative impact on your image as well.

The best way to understand partnerships is to look at a marriage. In the right circumstances, a marriage is a beautiful thing. It represents two coming together as one to do greater things than they could alone. Just as in marriage, the two should be independent and come together for mutual benefit, not because they are needy and are worthless alone. Breaking a partnership or violating the trust can end in a nasty, costly divorce. So if

you decide to partner, choose wisely because it is a great commitment with risk involved.

Promises, Promises

Brands are promises. The image presented by your brand promises to deliver on the commitments made by your marketing communications with consumers. Break your promises, don't deliver on what you say you can do, and your image will be tarnished. Live up to, or better yet exceed, expectations and your relationship with customers will grow stronger.

Meeting time and convenience needs is a major benefit to most consumers. For this reason many brand promises are based on providing more time or convenience. More importantly, brands themselves meet time and convenience needs. When you look at an aisle of toothpaste boxes, you do not know which one will best meet your needs. If you see Brand X which you know and trust that says "whitens teeth better," you can save time by grabbing that box of toothpaste and moving to the next item on your shopping list. But if there is a plain label brand that says it also will whiten teeth, do you try it? How do you know you can trust this product? You can take time to compare the labels and ingredients with the name brand. The only way you will know for sure is to take it home and try it. There is risk involved and potentially a lot of wasted time. It is safer, quicker, and more convenient to use the brand you already know and trust.

Recently people have become more willing to try non-branded items. Over time there has been an increased

acceptance of non-branded items. However this is usually done at the expense of the brands themselves. Non-branded items or brands distributed under the retailer's name are often placed right next to the branded products on the shelves to gain credibility.

Do you remember the introduction of non-branded items to the supermarket? I remember a whole aisle of "generic" items packaged in plain black and white labels. You could buy a six-pack of white cans that had scrolled across the front in black letters "beer." I enjoyed a large bag labeled simply "jellybeans" that had different sized jellybeans cast off from some candy factory as imperfect. If you are not old enough to remember the generic aisle, you might wonder where it went. Those items are still in the store, but the grocers wisely changed their strategy. Stores today have their own house brand names that usually include in the title select, choice, premium, or president.

Technically these products are no longer non-branded or generic. They carry the brand image of the store and rely on the trust the consumer has with the particular retailer. The reason for the shift is that plain generic products did not sell as well as those with at least a nominal amount of branding by carrying the name of the store. Brands are important because they are the guarantee and promise of the brand maker that the product is what it says it is.

A Word

Keep it short and sweet. Consumers are inundated with a plethora of messages daily. The simpler and easier-

to-remember the message is, the better. Companies should be able to describe themselves in a few words or, better yet, a single word. Much more than a sentence is not usually going to be remembered by the customer anyway. Think of the brands that have taken over the identity of a product:

- *Kleenex*
- *Ping Pong*
- *Band-Aid*
- *Rollerblade*
- *Roto-Rooter*

Most people don't even know that these are brand names because they come to represent the item itself. This is the goal of any brand marketer. Going directly counter to the strategy of a word standing for your product is the practice of line extension.

Avoid the Line Extension Trap¹

If you follow the prevailing logic of most modern companies, you will inevitably fall into this trap. Line extension is using an existing brand name or image and extending it to new products. Sounds like a good idea, right? Why not use the equity of your known brand to draw attention to a new product? The reason is that you tend to confuse customers as to what your brand means, and in the long run this strategy decreases overall market share.

¹ Ries, Al. *Focus: The Future of Your Company Depends on It*. ©1996 HarperCollins Publishing, New York, NY. I highly recommend reading this book for a thorough explanation of line extension and the power of focusing a brand.

For example, in 1978 7UP was the lemon lime *Uncola* with a 5.7% share of the soda beverage market. Trying to capitalize on this significant market share, they created 7UP Gold, Cherry 7UP, and assorted diet versions. Logic would dictate that with a greater product offering they would have gained a greater share of the market. On the contrary, their sales plummeted to 4.2%. Line extensions confuse customers.

Why do so many companies use line extensions if they tend to fail? I'm not really sure why they continue to ignore the data, but here are some possible reasons:

- ***They don't do their homework.*** If companies took the time to investigate the lack of success of line extensions by other brands and companies, they might think better of the idea.
- ***Ego.*** They feel so successful with their current brand they think they can carry the momentum to the next item by slapping their name on the label. They also don't think the seven keys to marketing apply to them.
- ***Copycats.*** Everyone else has line extensions so they reason that it is the proper strategy, not taking into account the number of line contractions that frequently occur.
- ***Appearance of success.*** An insidious feature of this trap is that line extension usually has initial success. Consumers are usually curious about the new product with a familiar name and will try the new item initially, but long-term sales plummet. Some line extensions become market leaders further muddling the argument. But in

those cases, it is usually because their direct competitors are also using line extensions such as Diet Coke vs. Diet Pepsi.

- ***Appearance of growth.*** Most executives are paid to come up with ideas on how to grow the brand. By concocting new versions of a brand, it appears as though they are earning their paycheck since there are more items in the market with their brand name on the label.
- ***Appearance of cost effectiveness.*** It would seem that extending a brand would be cheaper, since the company already has a place in the mind of the consumer. On the contrary, it often costs just as many, if not more, marketing dollars to educate the public about the new product line. In many cases, brands try to reeducate their consumers about what their name means. They are changing the *promises* made by the original brand.

No Splashing

An example of this is V8 Splash. V8 aired a commercial where a person drinking the new line of product is shocked to discover there is no tomato-y aftertaste. After decades of advertising and millions of dollars trying to get consumers to recognize V8 as a tomato beverage, they change the rules. In my book, this is a classic example of the line extension trap, and what not to do.

Of course there are times when it is a good move to expand a company by offering more products. A better

strategy is to use co-branding (same company, different brand names). Coke has found success in this area with Sprite. Imagine if Coke had named its product Lemon Lime Coke. Sounds absurd, but think of the brands that have gone that direction. There is Pepsi Blue, which I still am not sure if it is berry colored, or berry flavored and I don't really care to find out. The new Mountain Dew Code Red is another confusing moniker, why didn't they just come up with a new name? But even a giant like Coke does not learn from its own success and follows with Lemon Coke. Each product needs its own image and word associated with it. If you feel you have significant market share where you are and you need to expand into new markets, co-branding is the better route. Proctor and Gamble has built an empire on co-branded products.

Narrow Your Focus

The 20th century taught businesses the power of specialization. Line extensions go against this theory by trying to make one brand all things to all people. As the saying goes “jack of all trades, master of none.” People may not realize it at a conscious level, but they do categorize and choose brands known for a particular specialty. For this reason, marketers must narrow the focus of their product. The brands that stick in the brain are those that have a narrow, sharp, and focused tip. The broader the description and lines of a brand, the less likely it is to pierce the consumer's psyche. It is helpful to picture the brand as an actual object penetrating the brain tissue of the intended receiver. Imagine the customer standing in front of you with the top of his or her skull sawed off. The squishy gleaming brain matter is sitting

exposed before you. If you are using a broad, expansive tool, it will not get past the gray matter. By creating a narrow focused point, the brand is able to puncture the brain tissue. I know this is a grotesque illustration, but I bet I got it to stick in your brain.

Greatest Asset

The greatest single asset of your company or organization is your image, also called brand or brand image. Why is this so important? Customers and partners relate to you based on how they perceive your reputation, behavior, and corporate personality. The same principle holds true of individuals. We trust people who are trustworthy, treat us with respect, and keep their word. The image of the organization must be in harmony with the purpose (*Key 2*) and consistently promote the competitive advantage (*Key 1*) that gives a rationale for choosing your company over the competition.

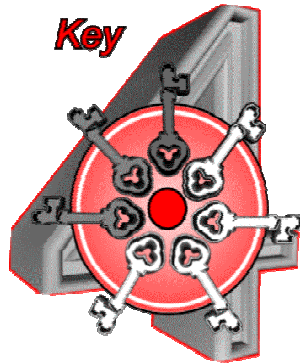
Please realize that you cannot fake an image. Eventually your true self will be revealed to customers. You can spend billions of dollars promoting the great service you provide, but if salespeople treat your customers rudely, that money is wasted. Make sure you understand your advantage (*Key 1*) and that your whole company is in alignment with a purpose (*Key 2*) before promoting an image. Your image can be taken from you or destroyed by your own actions. Once you have made the investment to create an image, protect it at all costs because it is your greatest asset.

Indecent Exposure

Many people think any kind of exposure must be good. They say, “Look at the attention that company got from doing that wild publicity stunt.” Not all publicity is good, as we will discuss in *Key 4: Promotion*. A public relations department helps to ensure that your public perception is positive. If you gain exposure for your product, make sure it is for the right reasons and is sending the message you want to send about your brand image. While many feel it is important to “just get your name out there,” I disagree. You want your name to be well known for the right reasons. It is of no benefit if your name is known for being crappy. Though Hitler, Stalin, and Charlie Manson are well known and publicized, they are not exactly popular fellows. The word for such exposure is infamy.

Sound Strategy

If you have done the hard work of finding your advantage (*Key 1*) and defining your purpose (*Key 2*), you should not have much difficulty in creating an image (*Key 3*). The image is an expression of what the company is about. The important thing to remember is that you must stay focused and clearly communicate a concise message to the target audience. Now that you have a sound strategy, it is time to use promotion to communicate your message to the marketplace.



Key 4: Implement Promotions

Promotion is the nuts and bolts of the marketing process. The promotion element is what most consumers see and think of when you mention marketing. Before we tackle the promotion process, there are a few points to consider first.

Ideal Customer

Who is your dream customer? If you are selling a hair growth product, the ideal customer is likely to be bald, or balding, and have a disposable income to spend on your product. When thinking of the ideal customers, try to envision them as actual persons standing before you. Where do they live? What kind of lifestyle to they enjoy? Determine as many traits as possible that characterize your ideal customers. Are they male or female? What is their age? Their income level? These demographic questions help you target your market more accurately. Be as

specific as possible, because the more demographics you find for your ideal customers, the better equipped you are to meet their needs. Ideal customers will become advocates for your product, as discussed in Key 5: Building Relationships. The goal is to discover the ideal customers, then meet their needs better than the competition by using your competitive advantage(s) (Key 2).

Target Market

Ideal customers, as pictured above, are persons for whom your product is an exact match. They will compose a larger group of your target market comprised of individuals who will likely purchase the product. You may be creating a new market, accessing a previously untapped market, or entering a mature market with plenty of competition. If doing the latter, be aware that you have your work cut out for you. You can be successful, but the odds are against you unless you position yourself properly. Use your competitive advantage to show your product as an alternative to the mainstream brand. If you are more focused on a particular segment of the market, you can steal market share from the big guys.

For example, if I were to start my own shoe company, I would be facing plenty of competition since the shoe market is already saturated by big companies with big marketing dollars to spend. My only hope would be to focus on one piece of the market. If I designed a shoe for tennis only, and called it the Racquet, I could go after the tennis portion of the market. The big name companies make all kinds of shoes, as well as clothing and other sporting goods. By focusing specifically on the needs of tennis players, I could attract the attention of that segment of the market. The big guys can't compete because they have already marketed themselves as making shoes for all sorts of athletes. Use their line extension against them. The best they can do is co-brand and come into the tennis market segment under a new name, but you have the powerful advantage of being there first.

I play hockey, so I will use an example of what I have seen happening in the hockey equipment market.

The majority of the hockey market is comprised of conservative players with a love for tradition. The big names in hockey equipment have been around for generations. In the 1980s a new company called Itech designed a plastic face shield for helmets. This is a great name since their product was a new technology that protects the eyes. Hockey players accepted Itech because it was a new product focused on an area that had little, if any, special attention paid to it previously. Itech was the first face shield on the market and gained a positive reputation. Years later Itech started making sticks, gloves and helmets. They lost their identity as a face shield. What does a pair of gloves have to do with eye technology? The name no longer matches the product and becomes a hindrance instead of an enhancement. Itech should have stuck with making face shields. Now they look like all the other hockey equipment companies minus the history and prestige. Today there is another face shield on the market, Excel 1, which is known only for making face shields. Players think of face shields when they hear the name Excel 1. Mention Itech and no one is sure what product is meant. The question is whether Excel 1 will learn from Itech's mistake or will they start making gloves also? More importantly, will you learn from their mistakes?

The Four Ps

Most descriptions of marketing include the four Ps, which are product, price, place and promotion. Some add a fifth P that stands for packaging (which can just as easily be covered as part of the P of product). Others have six or seven Ps. Rest assured the following four-P approach

provides a suitable explanation of marketing. If you want to understand marketing, you have a firm foundation if you can remember these four simple Ps and what they signify.

Product

The product is the item or items provided by the company for the consumer. Products are both tangible and intangible. Products may be physical items or a service provided. Many physical products also have some value-added service that accompanies the delivery of the physical item. Packaging is important because it is part of the product itself. Many people judge a book by its cover, so make sure you do not skimp on the packaging.

Price

Any economics student can tell you that price is a matter of supply and demand. The market will bear a certain price point and settle into equilibrium. This is not very helpful when trying to determine the price for a new product. Price is a very confusing area of marketing for many people. The reason is probably because price is one of the most misused and abused marketing tools. Traditionally, there are three ways to set the price for a product:

Competitive Parity- The practice of charging the same price or average price of the competition.

Standard Markup- always adding the same percentage markup to the cost of products (i.e., cost plus 50%).

Zero-Based Pricing- is receiving a small margin per item with a high volume of sales.

The problem with all three of these methods is they do not take into account the customer's perceived value of the product. Let's assume I am going to sell hats. The hats cost me \$10 to make so I decide to sell them for \$15. What if the people buying my hats only think they are worth \$5? I am in big trouble. I cannot afford to sell hats for less than they cost me to make, but if that is the perceived value to my customers I will not sell any at \$15. On the other hand, what if customers love my hats and would actually be willing to pay \$20 per hat? I am cheating myself out of \$5 per hat. So how do you know what people will pay? Do the research before going to market. Either hire a market research firm, or do it yourself if you are on a budget. If people are willing to pay less than your cost to produce the hats, you will be avoiding disaster by knowing this information ahead of time. If people are willing to pay more than your perception of a fair price, you can be even more successful than you imagined.

Your price must be based on the perceived value to the customer. Price is a double-edged sword, and many companies find themselves falling into the trap of competing on price. Price is NOT a competitive advantage by definition because it can be copied easily and immediately by the competition. Price wars with the competition hurt everyone. Customers will be happy at first because they will get better deals, but be disappointed in the long term when prices go back up or their favorite

company goes out of business. Price wars destroy the perceived value of the product in the marketplace. Even if your company wins the price war by undercutting the competition, customers will feel cheated when prices return to normal levels.

I went to McDonald's to get my 39-cent hamburger the other day, and to my dismay what had been 39 cents the previous six months is now all of a sudden 79 cents. I felt cheated, but if they had not been 39 cents the week before when I bought them, I would not have felt that paying 79 cents was a big deal. Like millions and millions of other people, I have been going to McDonald's since I was a child. A few years ago they panicked and jumped into the price wars with their competition. This was a mistake. By creating their own "value menu," they started looking like everyone else. There is now nothing special about going there because they are just like their copycat competition. I just heard on the radio that McDonald's is closing almost 200 locations. It does not sound like the low price strategy is working.

Low price is not a valid competitive advantage, yet companies spend millions of dollars saying they are the low price leaders. Low price has no distinguishing characteristic about it, particularly when everyone is saying the same thing. Companies are also telling their customers to shop based on price. Therefore, if their competition has a lower price, they should go to them. Let me repeat, companies are paying for advertising that tells their customers not to be loyal, but to shop based on low price! Besides encouraging a price war and creating disloyalty, this violates *Key 5: Building Relationships*. By telling people that the lowest price is the best criterion for choosing a product, companies are discouraging customer loyalty

based on reputation or quality of service. This practice is so prevalent that it is no wonder many people are confused about the proper place of price in a marketing plan. The good news is that after reading this, you now know better than your competition.

Place

Ask what are the most important attributes that contribute to business success, and many will say location, location, and location. Where your business resides is indeed an important consideration. Opening an air conditioner store would likely be more successful in Arizona than in Alaska.

Place also deals with distribution and logistics, a world unknown to most consumers. They don't question how the milk got to the dairy aisle; they just pick up a carton and move on to the next item on their list. The steps involved in getting milk from a cow's udder in Kansas to a pasteurized, homogenized, vitamin A&D fortified skim milk carton in a Safeway store in Oregon are fairly complicated. Each step in the distribution process is an opportunity for enterprising individuals to make a profit, and/or for manufacturers to keep costs low through disintermediation. Often it is more cost effective for manufacturers to focus on their competencies and to allow distributors to capitalize on their specialized abilities of distribution.

The Internet revolution turned the traditional distribution model on its head. The question for most retailers today is whether to be a brick-and-mortar or a click-and-mortar store. Brick and mortar is a traditional

physical location where consumers can visit a building to purchase products. Click and mortar is the name given to Internet businesses parodying the brick and mortar description. Companies expanding either on-line or to physical locations should avoid the line extension trap by giving each location its own identity. The Internet site should have a different name than the physical store and vice versa.

Al and Laura Ries in their book *The 11 Immutable Laws of Internet Branding* call Law #1 the *Law of Either/Or*.² Your business should be either on-line or a physical location, not both (at least not with the same name and branding). They also give some tips on determining the best choice for your product:

- **Is the brand tangible or intangible?** The Internet tends to be a medium for tangible products and a business for intangible products (banks, stocks, insurance, etc.).
- **Is the brand fashionable or not?** Fashionable products (like clothing) tend to use the Internet as a medium, while non-fashionable products (like computers) tend to use it as a business. For clothes, how do you know if it will fit, what it will look like, and will it be comfortable?

² Ries, Al and Laura. *The 11 Immutable Laws of Internet Branding*. © 2000 HarperCollins New York, NY. Another great book from Al Ries written with his daughter Laura.

- **Is the product available in thousands of variations?** If yes, then the Internet tends to be a better choice, because it is difficult for a retail store to house thousands of products. Half of customers leave retail stores without making a purchase because the item is not in stock. You should narrow your product line in retail, or you will lose customers who cannot find the model they want in stock. If you use the Internet, then a wide selection is a competitive advantage.
- **Is low price a significant factor in the brand's purchase?** If yes, then the Internet tends to be a business. The ability to check many prices quickly is making the Internet a price-sensitive medium. This makes it difficult to make money with the Internet as a business.
- **Are shipping costs a significant factor compared to the purchase price?** If so, then the Internet tends to be a medium. Self-service has taken over the marketplace because it is more economical.

The Rieses recommend using the Internet as part of the overall integrated marketing communications strategy regardless of product. If the Internet site is not the business itself, then the Internet should still be used as a medium to promote the physical locations. The Internet is a powerful IMC (integrated marketing communications) tool that is here to stay. We will cover the use of the Internet and interactive tools more in depth in the next section on promotion.

Promotion

Promotions are what most consumers relate to when discussing the marketing process. Promotion involves carefully blending various elements of marketing communications to work in harmony with one another, enhancing, complementing and synergizing into a dynamic interactive message with the target audience. When done correctly, integrated marketing communications or IMC tools become the culminating force, which brings your marketing efforts to fruition. If you have done the hard work and laid the proper foundation by *Defining Your Purpose (Key 1)*, *Finding your Advantage (Key 2)*, and *Creating an Image (Key 3)*, then you are more than ready to *Implement Promotions (Key 4)*.

Many companies don't put in the effort to form their strategy first; instead they jump right into promotions. But what are they promoting? What is their purpose? What is their value proposition (competitive advantage) to the customer? What image are they trying to project? It makes sense to understand *Keys 1, 2 and 3* before trying to tackle the promotion of *Key 4*.

Think of each of the following methods: *advertising*, *public relations/PR*, *sales promotion*, *direct marketing*, and *Internet/interactive* as tools in your IMC toolbox. Like my dad used to say, "Don't use a screwdriver when you need a hammer." Always pick the right tool for the job. At the same time, IMC tools work together, hence the term integrated. An engine and four tires will not get you far, but put them together with the right parts and you have a speedy Ferrari. So use as many *appropriate* tools as possible to generate a synergistic marketing promotions campaign. The following descriptions are in no particular order.

IMC TOOL #1 ADVERTISING

What is Advertising?

Advertising is defined as paying a fee to create image and awareness. Effective advertising is aimed at NEW potential customers and always promotes the distinct competitive advantages of the organization. Sounds simple, right?

Forms of Advertising

There are the three main forms of advertising. Print advertising consists of magazines, newspapers, journals, brochures, flyers, etc. Broadcast advertising is found on radio, television, film, and other formats. Then there are various forms of interactive advertising including word of mouth, mobile ads on automobiles, t-shirts, Internet sites, etc.

Current Customers

Have you noticed how consumers receive advertising for products they already purchase? How frequently do you view or hear an ad for a product you currently use? This is a violation of the true purpose of advertising: to create image and awareness. You are already aware of the product, and you must have a favorable view of its image since you are purchasing it. Building on current relationships with customers (*Key 5*) is very important, but advertising is not the proper tool. If

people are already customers, then advertisers should already know who they are. Advertising to current customers is not necessary and, besides being wasteful, can in some cases be counterproductive.

I sometimes receive advertising material from companies of which I am already a loyal customer. In some ways, I am offended they do not know who I am. It's like calling your mother on the phone and giving her a detailed explanation of who you are as though she does not already know. She would think there was something wrong with you. Advertising is aimed solely at potential customers, while current customers should receive targeted communications that acknowledge their unique relationship with the company.

Don't overlook the importance of the term *potential*. By potential I mean someone who would actually purchase the product. The majority of people are not ever going to buy your product no matter how much advertising you do to them, so why spend your finances trying?

Hitting the Target

Television commercials are the most widely recognized form of advertising. When I ask my marketing students on the first day of class for an example of marketing, they usually talk about television commercials. Usually their favorite commercials are beer commercials (remember, these are college students). *Budweiser* and *Bud Light* have some of the funniest commercials. Many people have seen these commercials and will even imitate the characters. I often ask my students to raise their hands if they have seen a particular Budweiser commercial and if

they like it and/or think it is funny. Almost all of the students raise their hands. Then I ask them, “How many of you drink this beer?” In all of my classes only a few, if any, raise their hands. Do they not drink beer? No, they just drink different beer from the ones advertised by Anheuser-Busch. This leads to a discussion about targeting new potential customers.

Most of the people who see these commercials are not, and will not ever be, customers for Anheuser-Busch, so who cares what they think? There is no return on the advertiser’s investment for these students to see the commercial. The advertiser is paying to reach this audience who does not buy the product; therefore there is no return on investment for this audience.

While no advertising can be perfectly targeted, the more targeted, the better. When unintended viewers are receiving your message, you are wasting money. Even worse, if they do not like the advertising (i.e., think it is funny), you might be creating antagonists out of potential future customers. The more targeted the message, the more effective, the less expensive, and the greater the return on investment. We will go more in depth into this concept in *Key 5* when we look at the *Marketing Funnel*.

Accountability

So if mass advertising is so ineffective, why do people do it? First of all, they obviously have not read this book and are misinformed. Most people do what they see others doing, or what has worked in the past. There is also an entire industry based on “the bigger and more creative the better” ideology. Advertising executives give each

other awards for creating unique advertisements. Unfortunately I see a lack of accountability in the current system. Bottom line, it does not matter how good the production quality is for an advertisement; what matters is whether people buy the product. It is a good strategy to use high standards for creating ads, but it has to be a means to the end of consumers understanding the message and buying the product. Some of the worst produced advertisements (i.e., infomercials) are successful because they sell the product.

Nissan

A few years ago Nissan ran a series of ads with an old man standing in a field. The camera would fly around and then circle around his face. What did the ads mean? What were they trying to say? What advantages were they trying to promote? No one really knows, but the ads were creative. Speaking with an employee at the Nissan offices, she said she had no idea what the ads meant, nor did anyone else in her office. They were confused and did not really like the campaign. Eventually, Nissan changed the campaign, but what exactly they were trying to communicate will remain a mystery. Are you willing to spend millions of dollars to create a “cool” ad that no one understands?

Raisins

Oh, those adorable California raisins, dancing across the table! Can you hear them singing, “I heard it through the grapevine”? Who did not love those darling

claymation creatures of the 80s? They were so popular they even had their own Saturday morning cartoon. And you would think that the sales of California raisins must have been prosperous during this time, but you would be wrong. Sales of California raisins actually declined during the campaign. This proves there's a big difference between entertainment and selling the product.

Got Sales?

Arguably, one of the best-known advertising campaigns of all time is the series of got milk? commercials. I love these commercials; they are hysterical. But as you can probably guess, they have not to date improved milk sales. In fact, they are considered successful because milk sales stopped declining for a while. Maybe I have high standards, but I expect a campaign to improve sales, not keep them stagnant.

ROI

The criterion for success must be the *ROI*, *return on investment* (i.e., people buying the product), not people liking the advertisements. I believe advertising agencies have tended to avoid being specific about returns for two reasons. One, they don't really know how effective they are because they do not have systems in place to truly measure effectiveness. Second, they know there is a lot of waste and they do not want to discourage their clients. That's why advertising talks about making *impressions* on viewers. If this is the case, just say "I don't do impressions," and ask for sales to be made instead.

Typically, sales are the measure of success, but as any statistics student will tell you, correlation is not necessarily causation since there are other intervening variables. In English this means that just because sales increased does not mean that the advertising was the cause; it could have been something else. For example, if you run a radio ad for hot dog buns on the fourth of July and sales spike for that weekend, it is not necessarily because of the ad, but because more people are barbecuing for the holiday.

In fact, if you are not measuring effectiveness, you could be running counterproductive ads. What if more people would have bought your hot dog buns, but they did not like the ads so they bought another brand, or ate hamburgers? You could deduce from the spike in sales that the ad had been effective, when in fact you could have sold more with a better ad, or no ad at all. If you are not measuring properly, you will waste money and, worse yet, you could be paying to cause damage to your image.

Internet Bubble

In the late 90s the Internet was riding high as the vital component of the information revolution. Internet company founders were getting rich overnight. Investors were pouring billions into what appeared to be the next big thing. By 2000 there seemed to be trouble, and many Internet companies started to go out of business.

A major reason why the Internet bubble burst is that people were basing their business model on the selling of advertising on their sites. The remarkable advantage of the Internet as we will discuss further below, is that it is

measurable. The Internet does not try to guess how many people look at a site, or click on a banner ad, or purchase a product from a banner ad for that matter, it can actually measure all of those things in real time and real numbers instantaneously. This is a Copernican revolution in terms of advertising. It was also the death of many of the businesses based on selling Internet advertising because they were still trying to sell based on impressions, but such fantasies are not needed nor tolerated in the Internet world.

Linkage

So if advertisers seem to be unaccountable for results, what is the answer? This is a complex problem, and if you can figure out an effective answer, you will be rich. It is impossible to completely measure all advertising, but some methods are better than others. I have already mentioned the capabilities of the Internet to evaluate sales. If you need hard numbers, the Internet is a tremendous tool.

For other advertising methods, use some kind of *linkage* that can be tracked. If you send coupons to consumers, place a code on them so you can track which ones were redeemed and by whom. If you do a television commercial, add a web address or telephone number on the screen. Place the same information in other media, such as magazines. When consumers log into the site or call, ask them how they heard about the company. If most of your inquiries are coming from the magazine ad, then you can ditch the television commercial and its costs.

All your advertising should provide some kind of linkage that provides you feedback about its effectiveness. Without this data, it is difficult to justify advertising costs. This information is also vital in creating more targeted advertising and building relationships with current customers (*Key 5*).

Inward-Focused Jargon

Many companies fall into the trap of inward-focused jargon. That's why we see so many acronyms. They expect people to know, or want to figure out, what XYZ means. You may have noticed I used the acronym ROI above, but was sure to immediately explain the meaning. I hate to bruise corporate egos, but I have to tell them that most people don't really care what their acronym means. Using terminology that makes sense to you but not to new potential customers in advertising is counterproductive. Marketing, and advertising in particular, is about communication. The more clear and simple message is better. Instead of trying to be cool, just try to be understood. If you can do it in a cool way, that's even better, but cool without understanding is just a waste of money.

Brown?

UPS started a campaign where they asked, "What can Brown do for you?" Since I am interested in marketing, I asked, "Who is Brown?" and started investigating. I wrongly assumed that Brown must be the name of their new package-tracking software. I spoke

with a UPS representative that told me Brown was the nickname for UPS given to it by the employees. So the answer to the mystery of what Brown stands for, and why they are spending millions of dollars on advertising, is that it means UPS. Do you see anything wrong with this picture? If not, start rereading this section from the top.

Why spend so much money to advertise a second name for the same company? They already have spent millions to distinguish their three-letter acronym of a name in our minds; now they want to throw more cash at an extra name? Why spend so much money to confuse people? This is a sign that UPS has become inward focused. They are more concerned with having fun with an inside joke of a nickname than in reaching their customers.

Alternatives

Good advertising promotes image and awareness of the distinct competitive advantage(s) of the product to new potential customers. There is a world of difference between advertisements based on sound marketing principles and those produced for the amusement of the creators. With all the potential dangers and expense of advertising, is there a better alternative? Yes there is, read on...

IMC TOOL #2 PUBLIC RELATIONS/PUBLICITY

Free Advertising?

What if I told you that you could receive free advertising that would be more effective than any you could possibly purchase, would you take it? Welcome to the world of public relations (PR) and publicity. PR/publicity is non-paid coverage by the media. Smart and/or thrifty organizations use the media to their advantage. The advantages of PR and publicity to send marketing messages is that it is free and that it is more credible with the recipients, since it is assumed to be provided by an objective source. The disadvantage is that there is little or no control over what is reported, and a negative or distorted marketing message can be reported.

Sewn of the Same Cloth

What's the difference between PR and publicity? That depends on whom you ask. I distinguish the two by separating them into proactive and reactive forms of the same process. Publicity is actively seeking media attention or offering a particular message to news and community organizations. PR is handling and/or spinning public perceptions and reports about the company. Corporations have caught on to the benefits of PR/publicity and usually employ a PR person or department. Now you know what happens to all those scholar athletes majoring in PR.

Typically, coverage comes from news agencies like local radio and television stations who are called to cover an event sponsored by the company. Coverage is free, but be careful because you have no control over how you are

represented. Opening a new factory that provides local jobs may seem like a positive boost to the economy, but the media may portray you as an eco-terrorist destroying precious habitat. Remember to use the right tool for the job. PR and publicity may not cost money, but it could cost your reputation. In some cases when media response is in doubt, it is better to pay for advertising so you can control the message. In the long run, this is cheaper than defaming your image and trying to rebuild. Don't overlook the importance or the value of positive PR and publicity, but be aware of the risks involved.

IMC TOOL #3 SALES PROMOTION

Promoting Sales

Sales promotion is a good way to break into a market by providing a motivator for new customers to try your product. *Sales promotion* is usually confused with *personal selling* because the term *sales* is used. While they work well when used together, they are very different techniques. Personal selling is the process of interaction between the seller and the consumer while sales promotion is the use of specific incentives or rewards to induce trial of a product.

Inducing Trial

Sales promotions typically offer a discount, rebate, or reward for trying a new product thus reducing the perceived risk for NEW clients to try a product. For example, if I can buy the new Brand X toothpaste for half

price with a coupon, then theoretically I have reduced the risk of trial by 50%. The idea is that once the clients try the product, they will be sufficiently impressed to continue to purchase the product at the regular price. You are demonstrating to the consumer faith in your own product by providing incentives.

Types of Sales Promotion

There are many types of sales promotions. Most of what we see is on the consumer side, but a majority of sales promotions are given to wholesalers and sales people for selling a product. Most consumers are familiar with coupons as a popular form of sales promotion. Some others include buy one, get one free; free with purchase packs; bonus-size packages; in-store specials and sales; contests; loyalty programs; sweepstakes and rebates.

Most sales people work on some kind of commission where they receive a percentage of what they sell. They also receive all sorts of promotional items, such as t-shirts, key chains and coffee mugs with the sponsoring company's name emblazoned on the front. These giveaways to sales people are commonly called tchotchkes. Many times sales of individual products will also provide sales people with an additional reward called a sales performance incentive fund (SPIF). So a shoe salesman may make a 2% commission on every pair of shoes sold, but he also may make an extra \$5 when he sells a pair of Nikes.

Buyer Beware

Sales promotions given to sales people can cause problems for consumers and retailers. If you have unscrupulous or untrained sales people, they are likely to sell a customer a product that he or she does not need so that they can make a SPIF. Many retailers stopped providing incentives because they had too many problems with sales people pressuring customers to buy items with incentives, which lead to declining sales. When purchasing products, I will ask the salesperson whether their recommendation is based on using the product and/or if they get a commission.

I have been in retail sales for many years and have never sold an item because I got a SPIF, but it was tempting. I liked to sell the item with a SPIF because I made more money, but it was not worth my integrity. This was not always the case with my coworkers. I worked for the national nutrition store GNC where we received no commission, but we did get a SPIF on certain items. One customer returned a product my coworker sold her because she had trouble sleeping when she used it. My coworker told her we were out of the product she asked for (which was a lie) and that this one would do the same thing (which was also a lie). He also did not tell her that the *guarana* in the product is a form of potent caffeine even though she said would be taking it before bedtime. What did he get for compromising his integrity by lying to a customer and disrupting her life by keeping her up all night? \$2.

Manufacturers, to boost sales of their products, often use SPIFs. They are usually effective, but they must be done carefully and given to trustworthy persons. In the

meantime, be wary if a salesperson is a little too excited about a product, and don't be afraid to ask questions.

Rethinking Rebates

Those ads in the paper have some great prices, but then you read the fine print and it says, "after rebate." Why do companies use rebates? When I ask most people this question, they say it is because a lot of people will not send in the rebate form and the manufacturer keeps the money. Does this sound like a good strategy? It is not wise to have people angry with you because they missed a rebate deadline, or to think you are manipulating them out of their deserved cash. This is the opposite of building relationships (*Key 5*) with customers.

Rebates tend to confuse people and, by their nature, are manipulative. They say the price is one amount, but you pay another. You have to cut off this code, copy that receipt, jump through a hoop and do it by a deadline. Do you really want people associating this unpleasant experience with your company? If you can afford the rebate, a better alternative is to lower the price, or offer a short-term promotion. I hate filling out rebate forms, so I beg you manufacturers, for the sake of humanity and my personal sanity, please stop the rebate confusion.

Linking Sales Promotions

It is important that sales promotion activities are used in conjunction with advertising and public relations/publicity activities. So if you are going to promote a sweepstakes, place the details in an

advertisement. Let's say you are giving away a dream vacation. You could place an ad in a magazine with a sweepstakes entry form. The form should be coded so you know the magazine and the date and can track the effectiveness of the ad. The consumer is exposed to two IMC tools at the same time, which provides synergy. Promotions should also link to the product when possible. If you sell pasta, you could give away a trip to Italy; that also reinforces the authentic nature of your product. IMC tools work best when linked to each other as well as provide the manufacturer the ability to track consumer information.

Turn It Off

Sales promotions should be used for only a limited time and should be turned off quickly. Always have an expiration date - the shorter, the better. Long-term expirations diminish urgency for consumers. Often they will set the offer aside and forget about it until it is too late.

Another reason to limit their duration is that extended or continual sales promotion activities lead to a devaluation of the product in the eyes of clients. If there is always a coupon available for half off, they will not ever want to pay full price. The goal is to get customers to use the product and then pay the regular market price. Unlimited sales promotion for an item is not really sales promotion; it is a lowering of the price, which is not a good idea. As we discussed earlier, using price as a marketing tool is a trap because it could lead to a price war.

No War

Excess sales promotions by one company usually lead to retaliation by competitors. Each side continues to lower the perceived value of its product until both are in trouble. Consumers are usually happy but, in the long term, price wars affect everyone. If one of the companies goes out of business, then people lose their jobs. In other cases, one company outlasts the competition and is able to take over the market. They then raise their prices higher than they were at the start. I'm for a free market economy and I believe that the market corrects itself, so you have the freedom to lower prices and use sales promotions as much as you desire, but smart businesses will differentiate away from price.

Don't Send Coupons to Customers

If you have read this section so far, then it should be obvious why this is a bad idea; but just in case I'll reiterate the reason. Coupons (and sales promotions) should be used to induce trial. Since current customers have already tried the product, there is no need to induce trial.

Retaining Customers

In the advertising section, I warn not to send advertising to current customers but to send them targeted customized communications. Customer retention and

loyalty programs are a way to show gratitude, promote continued use of the product, and encourage customers to be advocates to family and friends. Frequent shopper cards, premiums and thank-you letters are a few ways to express appreciation and build relationships (*Key 5*) with current customers.

Firing Customers

A big complaint I hear about using sales promotions is that people do not use the product without the incentive. My parents own an Italian restaurant. My father tried running some coupons in the direct mail pack, but he was not happy with the response. He says the only people that used them were paying in pennies and looking for more deals. They also did not return later to make full-price purchases.

The first problem is poor targeting. The wrong people got the promotion. This is another reason why you should not run promotions indefinitely. If ideal customers that enjoy the food had gotten the coupon, they would have tried it and then returned to pay full price.

If you do get customers that are not ideal, or worse yet are anti-customers, fire them. These are not the kind of people with whom you are trying to do business. They will only look for bargains and try to take from you. They will not build a positive reciprocal relationship with you (*Key 5*), so fire them.

Cause Related Marketing

A very effective sales promotion strategy is the use of cause related marketing in which organizations create or partner with other charitable organizations or causes. When teaching my Sales Promotion course at the university, I use a book I highly recommend reading called *Brand Spirit*.³ Cause related marketing is a great concept, because it is a win/win/win/win for the company, its employees, the charity and consumers.

The company wins because they have an increase in the perceived value of the product since they are contributing to charity. They are better able to differentiate themselves from competitors. The employees of the company win because they are helping to contribute to society through their efforts. It can be difficult to find meaning in your work, particularly if you are making mundane consumer products. On the other hand, if your company contributes to a good cause, it brings meaning and purpose to your activities. Obviously this is a win for the charity since they are receiving needed funds. Lastly, cause related marketing is a win for the consumers since they are helping a worthy cause with their otherwise ambiguous consumer purchases.

When possible you should match the cause to the product. There are two ways to go about cause related marketing campaigns. Either start your own, or partner with an existing philanthropy. We spoke of the pros and cons of partnering earlier, and the same principles apply here. For those who have the resources, creating their

³ Brand Spirit : How Cause Related Marketing Builds Brands by Hamish Pringle & Marjorie Thompson

own charity or foundation is a wise choice since they wholly own the entity and its image.

So if you wanted to promote your new dog food *Fluffy Time*, you could start the *Fluffy Time Foundation* to rescue fluffy dogs. Portions of the sales from Fluffy Time dog food go to support the foundation. The foundation directly correlates to the product and reinforces a positive image in the consumer's mind. The foundation is a great way to achieve free publicity. The public would perceive you as a caring company thus increasing your perceived value. Besides differentiating yourself from the competition, studies have shown that people are willing to pay a premium to purchase products that help a cause. The employees of the company can feel good about helping these fluffy little creatures to live a long and healthy life. The Fluffy Time Foundation receives funding to help our fluffy friends in need. Consumers can buy your product with a smile, knowing they are helping others.

Sincere Causes

If the above sounds like crass commercialism, it could sound the same way to consumers. That's why causes must be sincere. If the company and its employees are not truly behind the cause, then the campaign could backfire. Many people have been critical of the plethora of products that have partnered with various breast cancer charities. They have been questioned as to whether they are trying to help women or sell products.

I believe this is especially the case when companies are asking consumers to mail in yogurt lids and

admonishing them to “help lick breast cancer.” In my mind, there are a lot of things wrong with this tagline, but I will let you use your imagination as to why. Filling out a rebate form is bad, but mailing in sticky lids is even worse. There are few things more difficult to send in than a yogurt lid. If you do cause related marketing, do it for the right reasons and with sincerity, or it will have a negative impact on your image.

Old Cause, New Tricks

There has been more cause related marketing lately, but is this a new idea? Cause related marketing has been going on for the last century, but it is increasing today. When modern marketing began in the Western countries, the population was living on a subsistence level. Advertising promoted the value of products and went into technical details of what the item could do for the customer. In the late 60s there was a cultural and financial shift. People had more money and they were tired of the same old advertising. People were also disillusioned with materialism, so ads started to emphasize the emotional. Perfume ads talked about how the scent made you feel like a woman, not how big the bottle was.

Today we are living in one of the most prosperous times in history. People have also realized consumer products cannot provide for emotional needs no matter how appealing the advertising. At the same time there is a lack of community. People, especially prosperous people, like to give to society. Since there is a distrust and lack of participation in traditional institutions like churches, many people do not have an outlet to give to their communities.

Consumer products come to the rescue. Cause related marketing meets additional time and convenience needs of consumers by letting them have their Duncan Hines cake mix and contribute to charity too.

For psychology buffs, I will point out that this pattern correlates with psychologist Abraham Maslow's hierarchy of needs model. Consumers used to be just scraping to survive so advertising appealed to their base needs of survival. Next there was advancement to the next level of emotional needs. Finally today, we are at the pinnacle of the hierarchy: self-actualization, fulfillment by giving to others.

Use Them for Good, Not Evil

Sales promotions are a powerful tool. When done right, they can be very effective. When misused, they can bring disaster. Many times the success or failure of sales promotion is dependent upon the sales people.

IMC TOOL #4 PERSONAL SELLING

Sell it

Personal selling involves the people of the organization that directly interact with clients. Even if they do not realize it, the people that interact with the public are “selling” the organization by the way they speak, behave, and represent themselves. Personal selling is a form of direct marketing because there is direct contact with clients and potential clients. Smart organizations

make sure their sales people are aware of their importance and equip them for the role. They also mine the treasure trove of information available from salespeople and have systems set up to perform the task of gathering this data.

Lifelong Personal Seller

Personal selling is a topic near and dear to my heart. I have worked various retail positions for almost 20 years. My first job was working at a drugstore when I was 15. I was a part-time soda jerk at the snack counter and part-time front counter salesperson. I have worked for a sporting goods store, two health food stores, a hockey pro-shop, and a store that sells paper and electronic planners. I have also spent hundreds of hours on the phone as a financial advisor and telemarketer. I have learned a thing or two about sales over the years.

On the Front Line

Ask any general how battles are won and lost, and they will tell you the frontline soldier makes the difference. Even in this modern age of computers and unmanned drones on the battlefield, it is still the humans running the machines that make the difference. In marketing, the salesperson is the one on the front lines and makes the difference to marketing success.

The Weakest Link

Poor personal selling tends to be a weak link for many companies. You can do all the advertising and promotion in the world, but it will not matter if your potential customers and customers are not treated well by the salespeople. This is called providing good customer service. The term is a misnomer for many businesses; in fact a consumer advocate has labeled these the “customer no-service departments” of companies. Often the promotions can create expectations that the sales staff are not prepared to meet.

When I worked for the nutrition store GNC, they did extensive advertising. They ran numerous television ads and had several beautiful full-color ads in all the exercise magazines. They had to be spending several million dollars per year on these ads. At the store level, we were paid minimum wage with no commission, but we did receive occasional SPIFs (see definition above). I knew nothing about vitamins and health products when I started, and was looking forward to learning about them on the job. GNC did have a training program, but in my case I received no training from my manager. I like to learn new things on my own so I was motivated to learn about all of the health products. I studied the books in the store and read all the labels on the packaging. I would ask customers questions such as “What are you using this product for? Is it working well for you? Have you tried the GNC brand?” I was able to get into the minds of my customers. I learned a great deal of good information by surveying people on what worked and what did not. I also tried all the popular products to see what worked for me. I was then able to make recommendations to customers based on personal experience.

I did a good job at GNC and the customers liked me. I was praised for selling the most “gold cards” (a frequent customer discount card) on a regular basis. I was very knowledgeable about the product because I was personally motivated to learn. On the other hand, I had a coworker that had been there before I started but knew very little about the product, did not like health foods, did not interact with customers, and sold items that would get him a SPIF even if it was not a good match for the customer. If you owned this store, which employee would you rather have wait on your customers? As a customer, which of us would you prefer to wait on you? While I enjoyed working at GNC, I had to leave to get a better paying job.

Bright Flight

Bright flight is the process of all the smart people leaving a business. Typically, this happens because the smartest and most talented people realize when a business is not run well or they are not being compensated adequately. If you want to attract and retain quality people, you must pay them what they are worth. Bear in mind that studies have shown money is not the primary motivator for most people. Employees are willing to receive less pay for pleasant working conditions. Pay is a motivator, but how employees are treated is also a big factor in their dedication to a company. It is probably cheaper to treat people with respect than to pay them enough that they will work at a job they do not like. You must either pay your people well or treat them right. You are better off doing both.

Training Pays

Studies have shown that the average return on investment for training is 20 to 1. That means for every \$1 you invest in your employees you should see a \$20 return in productivity. That's a tremendous return not found in most places in the business world. Training helps businesses to attract and retain quality people. Quality candidates are attracted to companies with good training programs. When hiring people, you have three alternatives. First, hire someone and train him or her to do the job well. Second, hire someone who already knows how to do the job. The problem with this choice is that it is much more expensive to hire someone who already knows how to do the job. Third, pray for a miracle because if they do not know how to do the job and you do not train them, it will have to be a miracle for them to succeed. Train your people.

Five Factors for Personal Selling Success

First, let salespeople try the product. If your product is as good as you think, they will become advocates for the product (Key 5). Second, train them in the product. Knowledgeable salespeople are confident and will help establish a positive relationship with customers (Key 5). They are less likely to make mistakes and tend to be more satisfied with their job. Third, provide a pleasant environment. The best people look for and stay in good working environments. Fourth, pay salespeople well. Proper financial compensation is another way to keep and attract quality people. Last but not least, get feedback from your salespeople (Key 6). They will feel valued and you will cull priceless information.

IMC TOOL #5 DIRECT MARKETING

Go Direct

Direct marketing is a customized message for a specific target audience. Some information is already known about this audience to whom relevant targeted advertising materials are sent. To be effective, research has to be done about prospective customers before sending these materials.

Get the Facts

Several companies sell marketing lists that contain names of people that fit a particular demographic. These can be useful in some cases, but you are still reliant on the quality of research provided by an outside source. The best way to find information is to get it yourself. Most organizations already have a relationship with current customers and should be implementing tools to better serve them. You can provide a valuable service to your customers by offering them products of use to them. You can also annoy them into the arms of competitors with useless, ceaseless, irrelevant marketing. Gain feedback (Key 6) from customers then adjust your marketing messages (Key 7) to make your offerings relevant and build a better relationship (Key 5).

Your best recipients for direct marketing are those people that are prequalified or self-qualified. This means they have already expressed an interest in your type of product either directly to your company or through a third

party source. Many people out there would welcome your advertising since they are in the market for your product. The process of getting preapproval for the sending of marketing materials is called permission marketing.

Join the Club

I lived in Southern California during the Card Club boom of the 90s. Most of the major grocery store chains had their own clubs that provided discounts to holders of their store's club card. On one level, I thought it was a little silly since I was not really a member of a club. I knew I just got the sale price on items that a few years before were available without a card. On the other hand, I was studying marketing in college and thought it was a great idea for stores to get to know their customers better. They had my name, address, phone, age, and knew how often I shopped and exactly what I purchased. This is an incredible amount of information to have about your customer.

I kept waiting for the stores to send me a coupon to try a new chocolate chip cookie. They could tell from my purchases that I was an ideal customer for chocolate chip cookies. I never received that coupon, nor any other customized marketing materials. Why not? Why would they not use all the information I was freely providing them? My guess is they had too much information and did not know what to do with it. Or perhaps they never saw the value of the information and just thought I would buy more because I thought I was in a special club. I felt they were wasting my time by filling out a form and carrying around a stupid plastic card. Why go to all the trouble if they were not going to follow up and solidify the

relationship with customized offerings and marketing messages?

All but one of the area chains gave up on the cards. They started running promotions about how they had done away with the cards. Another store advertised how you never needed a club card in their store in the first place.

A few of the chains changed hands, and that is when things got really confusing. I went to a large grocery store on the weekend and needed my card; I went back during the week for something I forgot and they had changed the name of the store. All of a sudden, the cashiers were laughing and assuring me I did not need a card anymore when I checked out my groceries. About a week later, I went to the same store and I needed my card again because the store had changed ownership again (if this seems strange, remember it was California where anything is possible).

Confused? So was I. I did not mention the names of the stores because I honestly cannot remember which was which. I still go to that store, but I am not sure what the name is anymore. I hope you understand by reading this book that confusing the customer, especially about your brand name, is bad. Marketing is about communication and helping people to understand, not be confused.

The card clubs were not limited to grocery stores. Drugstores, gas stations, and pet stores are among the other retail locations offering club discounts. While there are still many companies that continue to use these cards, and I hold a few of them, I have yet to see a personalized marketing message from any of them. This is a waste of

valuable data about customers (*Key 6*) and a missed opportunity to strengthen relationships (*Key 5*).

Catalogs

I have seen some good examples of direct marketing from catalogs. I used to receive a catalog from FranklinCovey, the company that sells time management planners. I purchased a set of calendar pages by mail order, and the next year I received a catalog about two months before my pages expired. The catalog had my name on it with a personalized message that said something like, “Michael, your pages will be expiring in October, and we have some great new products to choose from. Your Monarch size products are available on page 22.” I was very impressed.

I felt good that they knew who I was and were giving me information to make my life easier. They were actually meeting my time and convenience needs instead of giving me more unsolicited advertising to sift through or throw in the trash. I am sad to say that I no longer get those personalized catalogs. I started getting about one non-personalized catalog a month from them that I usually threw away because it was too many. I was also not happy that all of sudden they did not know who I was anymore. I had slipped back into the anonymity of the mass market. Now, for some reason I do not get any catalogs from them at all.

My marketing professor was a big fan of a running store in San Diego that sent him personalized catalogs. While in the store, they measured and tested his foot. They were able to determine what kind of runner he was

and his unique pronation (the angle of the foot striking the ground). They smartly entered his information into their database and would send him personalized catalogs. Their message said something like, “Hello Nick, it has been six months since you bought your Reebok running shoes. Based on your running style, you probably will need to replace them soon. Turn to page 17 to see some suitable replacements.” This is a great use of collected data to focus marketing efforts (*Key 6*) and to build relationships with customers (*Key 5*).

Dear _____,

Before you get too excited about personalization, realize that it must be used correctly. When I receive marketing pieces with my name on them from companies I have never heard from, I am not flattered but fearful. I think, “How did they get my name and what do they want from me?” Anything that says “Dear Micheal Dahane” goes straight in the trash. And if someone calls and cannot pronounce my name, I know the call will be short. Fake friendliness does not build relationships (*Key 5*), it prohibits them.

Knowing that names can sometimes get on lists for unsolicited material, I have used pseudonyms. When I signed up for a free muscle magazine I used the name Michael Steel Daehn. That way anything I receive with the name Steel shows me who sold my name. Besides it is fun to see a muscle magazine come with the name Michael Steel Daehn printed on the front. If you want to test a company, use its name as your own. So if I sign up for the ACME catalog, I would put Michael ACME as my name.

Anytime I get unsolicited mail for Michael ACME, I know ACME is the culprit.

Direct Mail

Thankfully, my mailbox is only a few short steps from the dumpster. I walk over and throw away handfuls of advertising and handfuls of the advertisers' cash. The rate of return on direct mail has been steadily plummeting over the years, and response rates remain only a fraction of a percent. If that does not frighten you, then perhaps the widely circulating e-mail encouraging people to mail advertising back in the postage-paid envelopes might get your attention. Of course, this wastes even more of the advertisers' money, but the point is that people are not only irresponsive to unsolicited mail, but becoming hostile as well. Unless you have data that shows your mail piece is of value to the recipient, you should invest your money in another tool.

If you do use direct mail, make sure it is tailored to the needs of the recipient like the catalog example above. Terminix had a successful direct mail campaign that sent notices to homes in the path of an infestation of termites. In this scenario Terminix was providing useful information about a potential problem and offering a solution. This was not mass advertising since they only sent the pieces to those homes that were in danger.

E-Mail

E-mail has tremendous advantages. There are not the same costs involved since you do not have to pay

printing and postage fees as with direct mail. The best situation is when people are able to sign up for your e-mail list from your website. This is permission-based marketing that has been proven to work wonders.

I love the St. Louis Blues hockey team. I regularly receive e-mails from the *Blues Hotwire* that provides me breaking stories about the Blues. The team also informs me of jersey sales, and ticket prices. Do I mind getting this kind of advertising? No, as a fan and a customer with a strong relationship with the team, I welcome this kind of information.

Many teams and companies have used e-mail effectively in this manner. “Spammer” is the worst thing you can be labeled in the e-mail realm. “Spam” is a term coined for unwanted and unsolicited e-mail. To avoid this, always provide a way for recipients to remove themselves from the e-mail list and do not send unsolicited e-mail.

Telemarketing

While writing this I just got a phone call from the Southwestern Bell phone company for Mr. Agrusa, the name of my father-in-law. I explained he does not live here, and the caller asked if I was the phone decision maker. I wisely said “no, my wife is” and the caller said “thanks anyway” and hung up. I wonder how much money Southwestern Bell wasted to interrupt me while writing this wonderful book? Well, at least it gave me a great illustration.

Actually, that phone call was rather distracting so I decided to take a break and did not continue writing this until the next day. As I got back into the groove and

starting writing again, guess who called? Southwestern Bell called asking for Mr. Agrusa again. Their marketing is beginning to feel a little more like harassment. In fact, consumer groups are trying to make such calls illegal. To help consumers, there is now a device called the *PhoneZapper* that is available to block unsolicited calls. I have some friends who enjoy telemarketing calls as a chance to play mind games with the callers by using funny voices and acting like imbeciles. Once when asked how much he spent on long distance calls, my friend responded, “I do not have a phone.”

The problem is that a phone call is rather personal. Of course, we want to build a personal relationship with customers (*Key 5*), but we must earn the right to be heard. Telemarketing is a poor advertising tool because it is a very personal tool being used with strangers and non-customers. Telemarketing is a good tool when the prospects have prequalified themselves, and/or the call is being provided as a client service. Following up on a sale to make sure everything is working to the client’s satisfaction is a great way to cement an already established relationship and bolster future sales.

Network and Home Marketing

Companies such as Avon, Tupperware, and Herbalife changed the traditional channels of distribution. These organizations use what is called network or home marketing. There are no retail locations. Individuals sell the product to friends and family; then either deliver the product by hand or have it shipped. There has been

tremendous growth in this area over the past decade for two reasons. First, people enjoy buying from friends and family in a relaxed atmosphere. Many of the products are sold in homes, and the sales presentations are called parties. The second reason for the rise in popularity is that individuals begin selling to supplement their income. It is becoming an increasingly popular practice for one of the parents to stay home with children, and this business model provides a way to earn income without driving to an office to work. Look for this industry to continue to grow over the next decade. If you are marketing a new product, especially one that correlates to home use, this could be the best channel to use.

Saturation?

I sometimes tell my students that direct marketing is oversaturated. There is too much of what passes for direct marketing such as mailings, e-mail and telemarketing. However, since most of these efforts are not based on knowledge about the prospect, they are actually another form of mass marketing. True direct marketing has knowledge about the recipients and is providing relevant customized information they will likely embrace. People welcome marketing material that meets their time and convenience needs and makes life easier. What is needed is more genuine direct marketing, and less of what passes for direct marketing, but is actually a nuisance.

IMC TOOL #6 INTERNET/INTERACTIVE

World Wide Wonder

I began working for an Internet development firm in the summer of 2000. I did not know it at the time, but the bubble was already bursting. The Internet provided a tremendous boost to the economy as it revolutionized the way business is performed. Many of the companies founded were based on shaky business models. Traditional business plans provide a way to generate revenue - which many Internet companies did not consider. The demise of many of these companies was only a matter of time, and when the time came for the shakeout, many disappeared. What did not disappear is the power of the Internet to influence the way business, and in particular marketing, will be implemented.

“Custom”er

A key feature of the Internet is the ability to interact with content. I have gone on ad nauseam in this book about creating a customized message for prospects and customers. The Internet provides a means for marketers to provide customizable content. Consumers can pick and choose not only what they view but how they view it. Once they have taken the time to customize content, they will not likely change to a competitor. The customized content builds a relationship between the company and the customer (*Key 5*).

I was invited by a friend to join a hockey fantasy league on Yahoo! a few years ago. The league was free except for providing some personal information in order

to register. I discovered that Yahoo! also provided me my own personal start page on the Internet. There was a link to my fantasy team and whatever other content I wanted. I could put news headlines, comics, team scores, maps and all sorts of other useful tools all in one place. Yahoo! allowed me to choose what items I wanted to have on my start page, a choice of colors, and how the information is laid out on the page. I discovered later that this same service is provided by my ISP (Internet Service Provider) Earthlink. I had already spent the time to customize my Yahoo! page so I did not bother with the Earthlink page. Since Yahoo! was the first to establish and then customize this relationship, I did not want to change. Yahoo! was able to reinforce and protect their relationship with me from competitors. I still use the Yahoo! page and they receive revenue from advertising posted on their site. Since I am in the hockey fantasy league, I see ads targeted at hockey fans. Eventually, I became disenfranchised with Earthlink and decided to switch to Yahoo! as my Internet service provider since I already had a great relationship with them before I was a customer.

The important thing to remember is that people expect interactivity on websites. Several companies did not do well trying to provide video or written content that offered neither customization nor interactivity. Radio, television and print media are still available for communicating information and are well suited for most purposes. It is easier to watch television lying on the couch than to boot a streaming video on my PC while sitting at my desk. On the other hand, if I want to see a particular highlight, I can find a copy on the Internet and play it on demand. Some cable companies sensing their vulnerability to Internet competition are developing some

interactivity into their offerings through digital menus and video on demand.

Hit Me

The second key feature of the Internet is the ability to track activity. Since the movements of viewers around the site can all be recorded and tracked, there is a plethora of data not provided by any other IMC tool. Most people think a “hit” on a website means that someone visited the site. Actually anytime your cursor moves over a link on a site is counted as a hit.

There are a few key metrics focused on by Internet marketers. They know what kind of software you are using to browse the Internet. Companies can tell how you found the site either through a search engine or a link and sometimes, more importantly, marketers see where you exited the site. I often will leave a site if I do not like or understand the design of a particular page. I know that I am sending a message to the company that there is a problem with that page for me.

Just as with the club card data, there is almost too much information available to Internet marketers. There are several programs available to help companies make sense of Internet data. Collecting all this information is futile if it is not used to customize the experience and build stronger relationships (*Key 5*).

Sticky

A site is sticky if people stay on it and/or return on a regular basis. Usually this requires providing information, entertainment, or services for viewers. To make a site sticky, make sure you add and update relevant content frequently. I set Yahoo! as my start page and view it several times a day. I have a lot of important resources listed on the same page so it is of great benefit to me.

Mystery Meat

Mystery meat navigation is what web design expert Vincent Flanders calls the fancy rollovers on websites. These are the sites that have pictures of a square, a circle, and a triangle and you have to guess where each will take you when you click or roll over them. When you put your mouse over them, they will usually give you more information. So when you point to the square, it shows text that says “contact information.” Flanders urges designers not to make viewers guess where things are. They should be clearly labeled. What if street signs were blank until you shined a special light on them? Think of the accidents that would occur.

While some of these designs are artistic, they are not appropriate for most websites that are trying to interact with customers and clearly communicate information. To learn better web design, I recommend visiting Flanders’ website: www.webpagesthatsuck.com.

The Flasher

Another Flanders nemesis is the use of fancy Flash presentations. Flash is a software program that is used to create many of the animations seen on websites. There are two problems with Flash. First, it usually takes a long time to load. You do not want people clicking over to a competitor because they did not want to wait for your cartoon to load. The second reason is that most of the animations are commercials for the company. If the person is already on your site and ready to buy, why do you need to show them a commercial?

Check Please

In many cases Internet users want to find relevant information and make a purchase as quickly as possible, so why make them wait? Mystery meat navigation gives unwanted challenges to customers trying to find the information they need. Flash presentations are equivalent to going to the cash register at Target and they say, "Wait. Before you buy anything from us, watch our commercial about why you should shop at Target." Faster computers may make the slow loading of web pages with Flash obsolete, but you should always allow your customers to make purchases as fast as possible by giving them quick access to the checkout.

Win/Win

The Internet is a win/win situation in many cases. The Internet should be a key component for most modern businesses. It provides a place for prospects and

customers to gain customized information about the company for less money than traditional printing and mailing costs. Customers can access information, catalogs, and forms on their own. You do not have to ship as many brochures since many people will just read the information or print it themselves. Many customers will also provide their own data entry. They prefer to go to a website and fill in their information, which saves on the cost of the company paying staff for the same task.

DISCus

Another interactive marketing device is the CD ROM. Unless you live in a cave, you have probably received many of these from AOL. Place the CD in your computer and it provides you with information about the product and a link to their website. The AOL disc also has software that allows you to use their service.

Other companies have used CDs to send slideshows and music presentations of their product to prospects. An innovative company created business cards with contact information printed on the front and a playable CD on the other side. I like the idea of these cards, but they are costly to produce and should only be used with targeted customers that can benefit from the information. In most cases, it makes more sense to invest in a quality website and put your web address on your paper business card.

Here to Stay

Internet and interactive communication is here to stay. You should be using this tool as either the primary means of distribution or as a complement to your other

marketing communications. If you need further help with creating a web presence, I recommend contacting my good friends at Nexdesign Studios; check out their website at www.nexdesignstudios.org. (Yes, I am an advocate for their product [Key 5].)

The Importance of Synergy

1+1=11

This equation is impossible in the world of math, but not in the world of synergy. Synergy is when the sum is greater than the individual parts. A one-by-one inch square of wood can support 50 pounds of pressure, but two one-by-one inch squares side by side can support 500 pounds of pressure. Working together they can do much more than they can do alone.

People often refer to sports teams as having chemistry. The players may not look great on paper as individuals, but together they form a team capable of winning a championship. Another example is the Christian Church as the representation of Christ's body on the planet. The Church is made up of frail, failing human beings, yet together, and with Christ as the head, it is the most powerful force on the planet. The same is true of marketing communications. The more the communications tools are integrated, the more synergy occurs and the more powerful the promotion. Thus the title *integrated marketing communications*.

Golden Ticket

If you are a child of the 70s like myself, you remember a magical place made of chocolate rivers, candied flora and mushrooms with marshmallow filling. I am speaking of the inside of Willy Wonka's chocolate factory, from the film *Willy Wonka & the Chocolate Factory*. I show this film to my marketing students to demonstrate the powerful synergy of the Wonka marketing promotion. Five golden tickets are placed randomly in Wonka bars. Wonka throws the whole world into a frenzy looking for the coveted tickets. The news media covers the process, reporting on the finding of tickets. One girl's father has his factory of workers opening hundreds of boxes of Wonka bars looking for a winner.

In this film, chocolatier Willy Wonka is implementing a powerful and popular sales promotion. He knows his target audience of chocolate consumers would love nothing more than to see inside his secret chocolate factory. He gets free publicity from the news-hungry media who cover every second of the campaign. Wonka does not have to pay for advertising; the news media does it for him. A powerful synergy is created between the two elements of sales promotion and using publicity that sells thousands of Wonka bars.

Congruency Provides Synergy

Linking the various tools together into a cohesive, collaborative package provides synergy. Each tool must provide a consistent look and feel. If printed advertisements use a dog and the color orange with an Arial font, then the brochures, coupons, letterhead,

website and every other marketing communications tool must have the same elements. This repetition and consistency help people to remember and identify your brand.

Have you ever noticed that the color of traffic signs is significant? Warning signs are usually yellow or orange, street signs are usually green and stop signs are red. Imagine if traffic signs were all different colors. Some warning signs were blue, some streets signs were yellow, and some stop signs were green. What if every city picked its own color of stop sign? Depending on the city you were in, the sign might be purple, blue or pink. You might recognize the octagon shape, but in this alternate universe, the shapes are all different too. The signs would be more difficult to identify quickly.

Thankfully, for safety's sake this is not the case. But what happens when people are marketing their brands? Sometimes their logo is blue, sometimes green. Sometimes it has a circle around it, sometimes a square. All of these factors make it more difficult for consumers to identify the brand and, unlike in traffic, most people do not have much motivation to care. Companies should ask if there is consistency in the look of their website, in their print material and on television. Inconsistency confuses and distracts people.

Colors and shapes are rather simple things to keep consistent, but what about the message? Are different claims being made on the radio than in newspaper ads? Are you touting your product as a high-end commodity that is hard to obtain and then printing coupons in the Sunday circular? Do you feature all men in some advertising and all women in other ads? Pick a look and

feel, and implement it consistently across all marketing communications.

No matter what style you choose, always make sure you are promoting your competitive advantage (Key 1). While that advantage is likely to stay the same over time, individual campaigns promoting the advantage can and should change over time lest they become stale. Keep the same message of promoting the advantage, but you need to present fresh perspectives and rephrase the message in modern contexts over time. When you update various campaigns, make sure to update them over all the platforms you are utilizing.

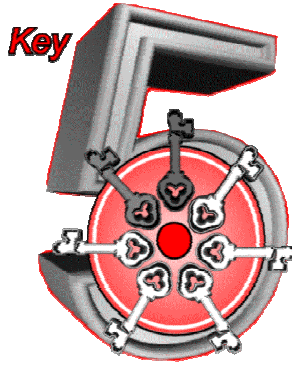
Multiple Elements Provide Synergy

The more tools you integrate and synergize, the more powerful the results. Hearing me lecture on this, a marketing student of mine at Concordia University, Chris Bowen, put together an excellent marketing plan using multiple tools. He was a baseball player and was familiar with the bat market. He chose to promote Rawlings bats. His idea was to have a traveling van bring Rawlings equipment to parks, retail locations, and schools. This gave customers a chance to try out the equipment before purchasing (sales promotion). He advertised the dates in local newspapers and on radio stations (advertising). Dates were also available on the Rawlings website (Internet/interactive). Every event promoted tobacco awareness and encouraged children not to use tobacco (sales promotion/cause related marketing). The van also visited local schools with the message of tobacco awareness amongst students (PR/publicity.) Local news stations and community organizations were contacted and encouraged to cover the events based on the tobacco-awareness activities (PR/publicity).

Notice the consistency and synergy created by all these elements. They build, promote, and support one another. All of these promotional tools could be implemented for much less than most commercial television spots. The tools are targeted at likely users and the return on investment will be excellent. Needless to say, Chris received an “A” in my marketing class.

You do not have to use all the marketing communications tools for every campaign. You should always avoid paying for advertising if possible. Some tools are not a good match for every situation. Typically the more tools you are able to implement effectively, the more

powerful your message becomes. Ultimately the goal is to effectively communicate with customers in order to build relationships.



Key 5: Build Relationships

First Date

I did not kiss my wife on our first date because I felt it was inappropriate. I did not really know her yet, but I respected her as a person. Things worked out and we got married two years later. Many times marketers try to jump into a committed relationship without taking the time to court and woo their prospect. Building relationships is a process.

Like dating, some techniques for meeting people and building relationships work better than others. If I were targeting a Bible-believing conservative girl, I would attend the church social instead of a strip club. For our first date, I would take her flowers and candy. I would wear my best cologne and nicest suit. I would not likely talk about our wedding and children on the first date. If all went well, I would try for a second date. Hopefully down the road, our relationship would grow into something lasting. If we did get married, I would still need to do things to cultivate the relationship. I would treat her

differently as my wife, and there would be new mutual expectations. If I ignored her or treated her as if I did not know her, then she would be offended and maybe even end the marriage. Though some people are able to have a good relationship with former spouses or girlfriends, there is typically a great deal of bitterness when the relationship ends.

This is an imperfect analogy to the relationship between companies and consumers, but there are some striking parallels. You must provide something special to get the attention of new customers, and be on your best behavior. Once the customer is committed, he or she should be treated like a valued partner, not a stranger. You need to keep doing the little things to let the customer know you care and are still committed. If you should alienate a customer, it is worse than never having been with him or her in the first place. Most people will tell everyone they know about their bad experience and why they no longer use your product. In the marketing scenario, it is not better to have sold and lost than never to have sold at all.

Too Personal

Have you ever been on a date with someone who tells you his or her whole life story, with its deepest darkest secrets and wants to hear yours before you leave the parking lot for the date? It gives you the creeps and brings up your defenses instead of lowering them.

Sometimes too much information can be a bad thing and marketers cross the line. Getting mail from a stranger that pretends to know my name and provides a

laundry list of past purchases invites fear, not familiarity. Privacy is a dearly held privilege in our country and should be respected. Do not try to gain trust by using artificial marketing data. Use information to invite prospects into a relationship and earn their trust with superior products and services.

Multipliers

The process of dissatisfied customers disparaging your reputation is called a *negative multiplier*. A customer is not happy with your product, so he or she tells two friends, and they tell two friends, and they tell two friends, and so on. I am sure you can figure out that the counterpart, a *positive multiplier*, is the goal. When you truly satisfy your customer, he or she is likely not only to remain a customer, but to advise others to become customers also.

Viral Marketing

Is this something you can catch from attending business meetings? Here is a strategy in a need of a name change. Viral marketing is the name for positive multipliers at an extreme level. The Internet provided a means for quickly spreading messages. When one person sends information to another on the Internet, it is called peer-to-peer communication. The use of e-mail has provided opportunities for messages to be widely broadcast peer to peer in a short amount of time.

For example, Microsoft provides free e-mail accounts but attaches a short marketing message to the

bottom of every e-mail that is sent. Budweiser saw great success with their “w’sup?” commercials. They made the commercials available in a format that could be e-mailed and it was shortly sent by millions to all of their friends. Soon everyone I know was saying, “w’suuuup?” It just kept spreading and multiplying, like a virus.

Fun with Funnels

A funnel is a good way to think of the marketing process. The top is very broad and consists of using mass marketing techniques. Mass marketing includes items like mass mailings, national advertising, billboards, and airing commercials during the Superbowl. The marketing message is sent to a broad audience with little or no discretion. Mass marketing is very expensive, difficult to evaluate, and has a low return on investment. Mass marketing is a stab in the dark, like trying to find needles in a haystack. The next section of the funnel narrows the target audience into market segments. The communications still appeal to a large audience, but they are at least targeted to a specific market segment by means of the chosen media.

Cat Fancy magazine, ESPN, and the Oxygen website each target a specific segment of the market: cat lovers, sports enthusiasts, and women, respectively. Next, we narrow the target audience further into niche or specialty markets. Harley Davidson, Barbie, and Macintosh computers each appeal to a specialty area of the market. The bottom of the funnel is the customized or one-to-one area of the funnel. The consumer being on a first-name basis with the product or service provider often characterizes these markets. Mike the mechanic, Bill the

barber, Doc Baker are all one-to-one relationships in which the customer and service provider know each other personally. Through the use of technology and mass customization, these relationships can be available on a wide scale such as in the case of the “My Yahoo!” page.

ROI

ROI stands for return on investment. Every one of the techniques in the funnel will gain customers. The question is which technique will provide the greatest return on investment. A Superbowl ad is sure to create interest and generate new customers, but at what price? The same amount of money spent at the bottom and targeted directly at ideal customers will produce a much greater return on investment. Two benefits of targeting the bottom of the funnel are the likelihood of a positive response and the kinds of relationships that are established. Relationships on the bottom of the funnel are more committed and not easily broken. One-to-one customers form the bedrock, the foundation, for any successful product line. These people are not likely to change to a competitor due to the mutual commitment they feel between themselves and the brand.

Customers at the bottom of the funnel can and should become your best marketing tool. They are positive multipliers that spread the word to friends and family. There are three levels of the one-to-one section: the customer, the referent, and the advocate. The customer will continue to buy the product and not switch to the competition. The referent will continue to buy the product and will tell others about the product when asked (give referrals). The advocate will continue to purchase

the product, will actively promote the product, and will convince others to buy it. The goal of every marketer is to gain advocates for the product.

To summarize, the top of the funnel is the most expensive with the least return on investment and the least amount of consumer loyalty, while the bottom of the funnel is the least expensive with the greatest return on investment and the greatest amount of consumer loyalty. Getting consumers to the bottom is the goal. Marketers should always be guiding their consumers to the bottom of the funnel where the costs are less and the relationships are stronger.

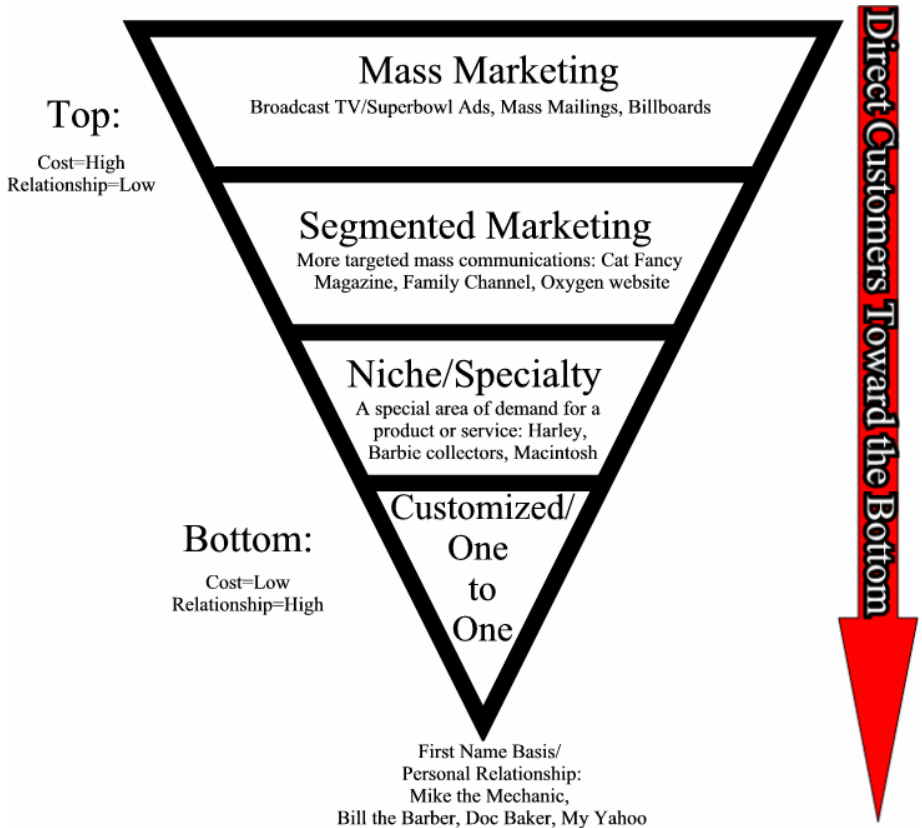


Figure 5.1 *The Marketing Funnel*©
Phase I: Directing Consumers Toward the Bottom

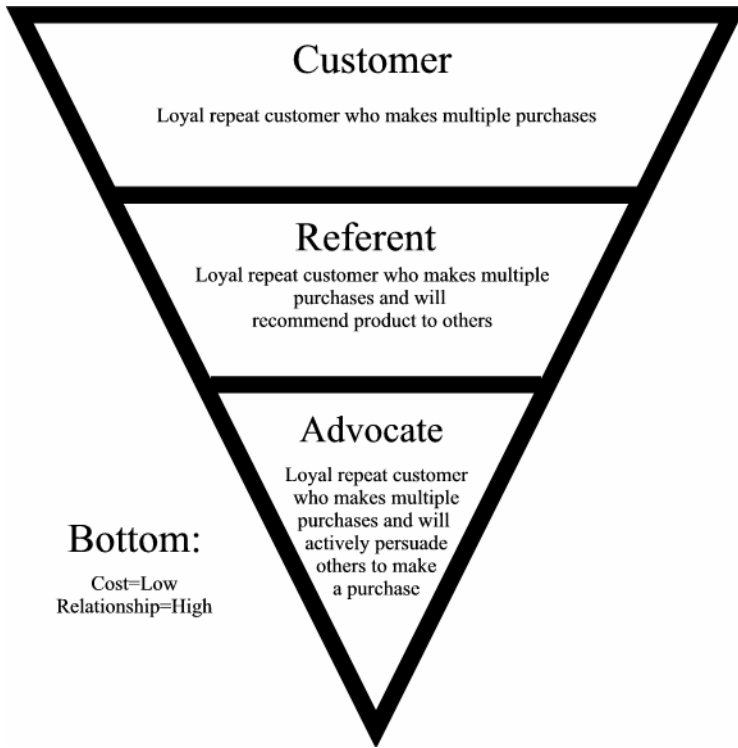


Figure 5.2 *The Marketing Funnel*©
Phase II: The Bottom- Leveraging Consumer Loyalty

Take it from the Top

Why would anyone market to a mass audience at the top of the funnel? There are three reasons marketers come in from the top of the funnel: lack of education, sloth, and lack of opportunity. The majority of people marketing products do not know anything about the marketing funnel. If you know anyone that needs to be a more effective marketer, I urge you to advocate this book to him or her. Millions of dollars are spent because that is just the way things have been done in the past, or that is what companies see from their competitors. If you want to lead the market, then innovate instead of imitating.

On the other hand, some people are too lazy to work on building these types of relationships with customers. Often it is easier to pay for a television commercial or a billboard than to figure out how to establish one-to-one relationships with thousands of target customers.

The final reason is lack of opportunity. Sometimes when marketing a new product, it is necessary to enter the market from higher up in the funnel. If this is the case, steer your customer relationships down the funnel as quickly as possible. For example, if you must enter the market by means of a national newspaper advertisement, link the ad to a customizable website or some other tool that allows the relationship to develop further and reduces the need for future mass marketing efforts.

Word of Mouth

Many of my marketing students say they want to use “word of mouth” to market their product. They have the right idea - get people talking about and recommending the product - but is it that simple? Can I just say “I’ll use word of mouth,” and it magically starts to occur? I say to my students, “That’s a great idea. How are you going to create this phenomenon and what are people going to be saying?” It takes planning and strategy to get the ball rolling. Marketers have to provide the *something* for people to talk about. Though creating advocates takes hard work and commitment, if you follow the seven keys outlined in this book you should have no trouble gaining them for your product. You will have a product with a distinct advantage (*Key 1*), and you will be clearly communicating that message (*Key 5*).

Daehn’s Marketing Question

For any marketing decision, determine whether it is the best use of funds by asking, “*Will it gain the maximum exposure to the target audience that builds relationships while avoiding wasted expense?*” If you are spending your own money, you do not want to waste marketing dollars getting your message to the wrong people. If you are spending someone else’s money, you have the responsibility to use it to create lasting, protected relationships with product advocates. To achieve maximum success during the marketing process, continue to ask yourself the “Daehn question.”

That's a Keeper

It is far less expensive to keep a customer than to get a new one. The best way to keep customers is to provide good customer service. It also is the best way to increase the return on investment. Many companies make the mistake of throwing dollars at the acquisition of new customers while ignoring current customers. A few dollars spent on customer retention through improved customer service, customized communications, and customer recognition programs will pay higher dividends than another mass marketing campaign to gain new ones.

Wireless *and* Clueless

Companies selling wireless phone service spend millions to attain new customers. Besides the advertising, they entice new prospects with free or discounted phones. These phones are sold below cost, so the only way the company can break even is for the purchaser to remain a long-term customer. But what happens when the contract expires? If the current customer wants to get a new phone, they have to change companies or pay full price for a new one. There are no incentives to remain a customer or to renew the contract. Companies are more focused on spending money to get new clients than to keep the ones they have.

How many companies spend millions on slick television commercials that drive people into stores? Once in the store, disaffected, underpaid and undertrained employees treat the customer like a second-class citizen, while the advertised product is not what the commercial claims or is unavailable. Marketers should spend less on

wasteful mass marketing campaigns and more on building relationships with customers at the point of sale.

DIRECTV took this to heart and made some changes. They took some of their marketing dollars and used them to enhance their customer service process. They improved their main line of personal communication between themselves and their customers: the call center. DIRECTV gave incentives to their call center workers by offering more training, benefits, and career advancement opportunities. The result was an increase in client retention and the amount of money spent on subscriptions by callers. They also won industry awards for customer service and retention.

Quid Pro Quo

Quid Pro Quo is a Latin term meaning “this for that.” In other words, you give me this and I will give you that; one hand washes the other. This is not wrong in itself, but it often lacks the intangibles involved in most relationships. Building relationships with customers comes from a transformational versus a transactional perspective. Instead of each party getting what it wants and leaving, each is concerned with benefiting its counterpart. These interactions are often called win/win scenarios where each side benefits. Marketers need to treat their customers with respect and try to benefit them, not just take their money, if they are going to build committed protected relationships.

Piece of the Pie

To approach life with the view there is plenty to go around is called the abundance mentality. This view holds that there is room in this world for everyone to prosper, and it is best to form cooperative, mutually beneficial relationships with others. Those that do not comprehend or believe in the benefits of interdependence often have a scarcity mentality. They think life is like a pie with only so much to go around. If other people are prospering, there may not be enough for them. They get upset at the success of others because they think it means there is less chance for their own success. To build lasting relationships with customers requires an abundance mentality that strives for the best situation for the customer and the brand. Customers should be viewed as lifetime partners, not short-term sources of income. There is plenty of pie for everyone to share.

Napster

For decades the record industry held a technological chokehold on the distribution of music content. Because they had exclusive control, record executives decided to charge large sums of money for their product. While perfectly legal, this is not a good way to build relationships with consumers. Ordinary citizens had neither the technology to create their own access to popular music nor the organizational ability to defy the practices of the record companies.

With the World Wide Web that is no longer the case. Napster devised a way for individuals to share musical content from peer to peer over the Internet. Not

only has new technology freed the access to musical content, it has also provided a way for formerly disconnected people to communicate, share, and lobby for change of music industry practices. The sharing of copyrighted musical content is illegal, but most consumers feeling like they have been fleeced by the record companies for years justify their actions. The record companies charged exorbitant rates for musical content through monopolistic practices for decades and thus angered their customers. Now these companies are scrambling to convince customers they should pay for their music again. Good luck!

Similar industries would be wise to learn this lesson. Doctors and lawyers have used the same distribution methods for generations. By limiting access to information, these disciplines have been able to charge high fees for their expert advice. Today consumers can find much of this information on the Internet for free or at a fraction of the cost.

I injured my foot and there was a great deal of swelling. I called my doctor's office several times to have it looked at by a professional. While I was waiting for someone to call me back from the office, I jumped on the Internet website WebMD.com. In a few minutes I had diagnosed the problem and was treating the injury. When the nurse called me back a few hours later and I described the symptoms, she began to give me treatment advice. As she was telling me to elevate it and keep ice on it, etc., I started finishing her sentences for her. She asked, "How do you know what I am going to say?" I told her that I had already looked up the problem on the Internet and was treating myself.

I am not recommending forgoing medical treatment for self-diagnosis, but it proves the point that we are not as reliant on these industries for information as we used to be. Doctors, lawyers, and other purveyors of information better adjust their practices and become more consumer friendly, or they may wake up to find themselves “Napster-ized” one day.

The Sherwin Marketing Matrix

My marketing professor, Nick Sherwin, developed a process for understanding relationship building with customers. Sherwin classifies marketing tools into above-the-line, below-the-line, front-end and back-end. Above-the-line tools like advertising and public relations/publicity are used before a relationship has been established to create image and awareness. Below-the-line tools such as sales promotion, personal selling, and direct marketing are used after some type of relationship has already been established. The front-end tools should be used at the beginning of the strategy and transition to the back-end tools. Many companies use these tools out of order or inappropriately.

	<i>Front End</i>	<i>Back End</i>
<i>Above the Line</i>	QI Advertising	QII Public Relations/ Publicity
<i>Below the Line</i>	Sales Promotion QIII	Personal Selling Direct Marketing QIV

Figure 5.3: *The Sherwin Marketing Matrix*

Keep Your Word

As discussed earlier, brands are promises. Every marketing activity is communicating a promise the brand is making. Companies need to live up to and honor their promises if they want to make and keep relationships with customers.

Humans Crave Relationship

What is the greatest punishment inflicted upon hardened criminals? Solitary confinement. The worst thing that can be done to a person is to remove him or her from interaction with other people.

The reason is that humans were created for relationship. I have had people tell me that in my business decisions I take things too personally. I retort that they do not take their business personally enough. Business transpires between individuals and groups of human beings. Trying to depersonalize the process causes problems; it does not make things easier. People desire to have a relationship with your brand and will feel betrayed if you do not treat them with the dignity and respect required of human beings. Marketing is about the human communication process. To be successful you must treat people like people, not machines.

Manipulation

If you read this book, I will give you a million dollars! Not really, but I did get your attention. How do you feel right now? Cheated? Humiliated? Indifferent? Welcome to the world of manipulation. It amazes me how much people hate to be manipulated yet, given the opportunity, think it will work well on others. I had a student in class give a presentation of how he was going to tweak his advertising copy to essentially trick people into buying his product. I asked the class what they thought of his ideas and they thought it was a great idea. I then asked how many people would like to be tricked and would they continue to do business with a company like this? They changed their opinion quickly. It is astounding how quickly people who would not like these techniques used on them adopt these manipulative strategies when given the opportunity to do it to someone else.

A sound marketing strategy does not need nor condone manipulation. To have long-term, lasting success

and strong relationships with customers, honesty is the best policy. To vary on the Golden Rule: *market to others as you would have them market to you.*

Personal Selling Revisited

Personal selling is crucial to relationship development because most of the face-to-face interaction between companies and their customers takes place during this process. I reiterate my admonition that retailers would be wise to run a few less mass marketed advertisements and use the money to better train and compensate their employees. People may come into the store because of the ads, but will only return if they have a good experience and positive interaction with employees. Otherwise there is little motivation not to shop at a competitor, particularly if they have a better commercial.

Go Blues!

The St. Louis Blues are the greatest hockey team ever. Sure, at the time of writing this they have not yet won a Stanley Cup championship, but they are still the best. I am speaking as a fan of the team. I am truly an advocate for the St. Louis Blues because I have been cultivating a relationship with them since before I was born (my mother went to Blues games while she was pregnant with me). We all know people who are crazy about their favorite team. This is the kind of relationship you want to have with customers. Ken Blanchard and Sheldon Bowles expound on this theme in their book *Raving Fans* about providing revolutionary customer

service. Successful marketers create raving fans for their products.

Protect Your Investment

In today's competitive marketplace, the best way to insure your investment is to establish relationships with customers. By building and cultivating these connections, you establish a protected relationship. People will continue to do business with you because they know and trust you. Make yourself invaluable to your customers, and they will likely be yours for life. You will also gain valuable feedback on how to improve in the future.



Key 6: Gain Feedback

Measuring Up

Gaining feedback is what tells you whether you are on the right path with your customers. You have already done the hard work of developing a roadmap for success in your marketing plan. Feedback will tell you whether you are on the right track or veering off course. You have already done the hard work of developing a roadmap for success in your marketing plan. Feedback will tell you whether you are on the right track or veering off course.

A jumbo jet leaving New York for Rome sets an exact course to follow during the flight. If the trajectory from the point of origin is off by mere inches, the plane will land in another city or, worse yet, in the ocean. During the flight pilots are consistently checking their instruments and gaining feedback to determine if they are on target. They continually make adjustments to their flight path based on the information received from their instruments. Intelligent marketers use various methods to gain feedback on their efforts to keep them on course.

Accountability

Feedback determines whether the marketing efforts are worthwhile. I have spoken at length about the importance of determining return on investment. Measurement provides a way to evaluate the value of marketing campaigns. From the results, you are equipped to make decisions about what is working and what is inefficient. If an ad agency is unable to show results proving the success of its activity, how do you know that money is not better spent elsewhere? Feedback must provide accountability and justification for the use of various marketing communications.

Benchmarks

When defining the purpose of the company, goals are set and certain standards are to be achieved. These goals or benchmarks provide a means for determining if the marketing process is on target. All feedback should be measured against the established benchmarks of the company.

Surveys

Surveys are a good way to gain feedback from current and potential customers. Most people wish they could tell manufacturers what they want and how to make it, but are never given the opportunity. When constructing a survey, make sure it is easy to use and can be completed with minimal effort on the part of the participant. At the same time, make sure the survey will provide accurate, easily quantifiable results.

- **Start easy-** Ask for the easy information first. Start with name, address and telephone number to get people warmed up, and then move on to the tough questions. I saw a church survey that had formatted the layout of their survey in such a way that the question “How much money do you make?” was centered at the top of the first page. While I was excited to see the church using a survey to improve the organization, I was concerned to see such a sensitive question jumping off the page at first glance. This design can cause respondents to not fill in the questionnaire before they get started.
- **Avoid response setting-** Response setting is the psychological pattern of grouping answers in a similar pattern. For example, if you ask ten questions that all regard the performance of the company with one being disagree strongly and ten being agree strongly, some respondents will just go down the list and check all high or low responses without reading the questions. To avoid this occurrence, alter the questions. For example, make question one “The company does a good job” and the second question “The company is not doing a good job.” If they score a “ten” on the first question and you are getting honest responses, you should get a “one” on the second question. There should be at least one question where you reverse the positive and negative to determine whether you are getting honest answers or the respondent is giving response-setting answers.
- **Use a quantifier-** Quantifier is a big word for using numbers. To gain results that are easy to use, implement a quantifier into the responses. If you

receive 1,000 surveys, you will want to be able to plot the results such as a 90% customer satisfaction rating and a 50% approval rating of prices. If the responses are all fill in the blank, there is no way to put a number on the amount of customer satisfaction without it being a subjective, arbitrary number. By using numbers in the responses, you can quantify the results and make fancy charts and graphs. Internet surveys and Scantrons also make it easy to get the data into a usable format quickly.

- **Avoid limited responses-** Give the respondents room to vary their opinions. If the customers feel the service was above average they might give a 70%, but they need the option to do so. If the scale is from one to three, then they will probably give a two, which is 50%. If the scale is one to ten they will probably give a seven, which is 70%. Using a scale of one to ten is better than using a scale of one to three because it provides more options and will gain more accurate results.
- **Allow for customization-** Give respondents a place to write their comments and give feedback. While this is more difficult to quantify, it can provide information you never thought to ask or explain why some scores are high or low.
- **Keep it short-** Most people do not enjoy filling out surveys. Your first response motivator is to keep the survey short and easy to complete.
- **Enhance the relationship-** Use the survey to provide useful information to the clients and strengthen the relationship. Thank them for partnering with you. Getting people involved and interested in the company enhances commitment.

- **Gain marketing information-** Ask if there are any projects you can help with and/or if they know anyone else that could benefit from your product.
- **Provide a response motivator-** How do you get people to fill out a survey? Most people, unless highly motivated by an extremely positive or negative experience, will not take the time to fill out and/or return a survey. A response motivator must be attached to surveys to get a high percentage of them returned. Companies must provide some product or service in exchange for a completed survey.

When I began doing marketing consulting for a graphic designer, the first thing I suggested was creating a survey. He already had a group of past and present customers, and a survey was a good way to measure the depth of the relationship and determine customer satisfaction. Some customers did business on a regular basis, while others stopped talking to the designer after their first project. We sent a letter that announced celebrating five years in business and thanked the customer for being a client. The letter also said we wanted to hear from them so that we could better meet their needs in the future. The graphic designer created five-year anniversary t-shirts and delivered them to his customers. Since he had only a few customers, and most of them were local, he delivered the surveys and t-shirts in person. When the survey process is done correctly, it greatly enhances the connection between the customer and the company (*Key 5*), especially when the customer sees his or her information put into action (*Key 7*).

This is a proactive approach that asks for input instead of waiting for customers to call and complain or give compliments. The survey asked what we were doing well and what we needed to work on improving. It also asked the customers to rate their experience with the designer. Each question had a scale from one to ten with a space to write comments for each question. There was also additional space provided for open feedback from the customer. We asked if the customer had any projects that we could assist with in the future. Finally, we asked if they knew anyone that could benefit from our services. By using this last question to ask for a referral we were able to gauge the strength of our relationship with the client and gain new business. The survey was a way to strengthen our relationship with the customers (*Key 5*), let them know we recognized them, cared about their business, and were taking steps to improve our services to them (*Key 7*).

Web Overload

We have already discussed the advantages of using the Internet for its ability to track the activity of viewers. The problem is that you can gather so much information that it is difficult to determine what is relevant and what to do with the information. Several software programs are available that allow you to get these statistics and put them into a usable format for analysis and presentation. I also recommend hiring a service to advise your company on useful application of the information. Another option is to install an Internet marketing department in the organization. The bottom line is that the Internet is a vital component in the modern marketing communications

process, and the smart companies will devote resources to leveraging its use.

Personal Selling One More Time

This is the third time I implore you to value employees. Front-line salespeople and customer service representatives are the face of the company. This interaction is reciprocal. Not only does the salesperson communicate the marketing message of the company to the customer, but also customers directly relate their responses to the company representative.

I have had hundreds of interactions with customers in my years as a salesman. Customers would channel their complaints and compliments directly to me. I would often urge them to complete a response card and submit it to headquarters, particularly if I agreed with their comments. My fellow salespersons and I would sadly, yet honestly, explain that the company did not listen to us, but they might listen to them if they took the time to fill out a response card.

Smart marketers use this valuable, timely, and already paid-for resource for gathering information. This is a win/win/win for the company and a win/win situation for the customer and salesperson. The company wins by gathering accurate data. The salespeople win because they feel valued and as if they are making a contribution. The company wins again because the salespeople are more committed to a company that cares and listens to what they have to say. The customers win because they are being heard and are getting the changes they want. The company wins a third time because the customers are

happier and more committed to a continued relationship. Based on this reasoning, why would any company not invest in gathering information from its salespeople? Sadly, most companies do not know any better. Lucky for you, you read this book and can beat the socks off your competition.

I must admit I have ulterior motives for emphasizing the role of salespeople in the marketing process. The first reason is that I have spent so many years being ignored as a salesperson I desire to reform the industry and make personal selling an honorable and enjoyable profession. At the same time, I recognize there is a rational basis for taking this approach. The second reason is that I am tired of receiving sub-par service. I have worked very hard to be friendly, outgoing, and meet the needs of my customers, and I expect the same when I go shopping.

Once I had a customer remark to me that he appreciated my service and my knowledge about the products in my store. While I enjoyed the compliment, I did not feel as if I did anything extraordinary besides talk with the man and answer his questions. He said he was in the process of improving the customer service for an Internet software company he was consulting. I told him the names of some excellent books on customer service I recommend. He laughed and said that stuff was too advanced; these people just needed to learn some manners and how to be polite.

Who is to blame for poor customer service? Obviously, the salesperson needs to take responsibility for his or her actions and many salespeople do not care. But companies are also to blame for not spending time or resources on a vital component of the marketing process.

They blow millions on television commercials in hopes that customers will visit their stores, yet only pay their salespeople minimum wage. Any customers that do shop based on the commercials will certainly be turned off by poor service. It is a strange paradox that in an age when service is a buzzword and everyone in business is talking about great customer service, good customer service is such a rarity.

Feedback Cards

For physical locations you should provide cards for your customers to be able to communicate with you. Allow them to leave the card with a salesperson or to mail it in to the company at their leisure. Make sure you put a stamp on the card to encourage their sending it back. To avoid postage expenses, provide a web address where customers can leave feedback. A contact/feedback section should also be a part of any web-based business.

Warrantees

Warranty cards have been used for a long time. Besides adding value to the product for customers, warrantees are a tremendous way for marketers to gather data about customers. Be careful not to make the response card too long, or few customers will take the time to return it.

Trading for Data

People are willing to provide marketing information in exchange for certain benefits. My marketing professor was fond of creating events or concerts that were almost free. The only charge for admission was to fill out a response card. For example, he would stage a jazz music festival and get the names and addresses from the attendees. The response cards would ask if they were interested in receiving jazz music information and offers from vendors. After the event he had created a list of prequalified marketing prospects. Another way to trade for data is to have contests and giveaways that reward respondents with gifts or the chance to win a large prize.

Many early Internet sites gave away free products or information in exchange for registering with the site. Be careful not to give away the store or to create a climate where there is no possibility for paying for the expense of gathering the data. Many early Internet companies went bankrupt before they could take advantage of all the information they had gathered.

Test Marketing

Try your product in a test market before you fully develop it. The results may help you determine whether you should double production or scrap the project altogether. If you are thinking of carrying a new product line, try it out in some test cases first. One retail store I worked with tried a few bags from a company to see how they would sell. The product was very popular and we sold all the test models. The company worked out a deal and carried a large selection of the product from the

vendor. In another case we carried another bag style that few if any people bought. We sent the rest of the test models back and said “no thanks.” If you have the ability to test market, take advantage of the opportunity.

Market Development Groups

A few companies have seen success with developing a test-marketing group amongst prospective customers. Mercedes selected a group and asked them questions about what type of sport utility vehicle they would like to see in the future. To thank the participants they gave them hats, t-shirts, key chains and kept them abreast of the development. Once the new automobile became available, most of the participants were dying to buy one. The automaker had developed a strong relationship with this group (*Key 5*) and was creating the design based on the feedback gathered (*Keys 6 & 7*).

Confidentiality

Unless your company is in the business of selling information, do not sell or share your information with other entities. If you want to destroy a relationship in a hurry, give your prospect's name to others. This is tantamount to adultery in the customer-to-company relationship. Promise confidentiality and keep your word. If you do intend to share the information, be sure you have the permission of the customer first.

Focus Groups

I had the privilege of attending a focus group for an insurance company. Rows of comfortable seats and a hot Chinese food buffet awaited the heads of the company paying for the research, not the participants in the focus group. The participants in the study were eating hot dogs and potato chips. I was perched with company officials behind a large two-way mirror and enjoyed a hearty meal while watching the focus group participants gush about what a great idea the insurance product was.

Were these accurate responses? Would these people really buy the product if they were not sitting in a focus group? In the end the CEO and founder summed up the results, “Well, I do not think we really learned anything we did not know, but it was an interesting thing to watch.” I have to agree with his assessment. It was hard to tell if any of those people would actually buy the product in real life based on the advertising material they were given to evaluate, but it was surely fun to watch, and our food was excellent. I am glad they were footing the large bill for the exercise and that I got to come along for the ride.

Research Pitfalls

Two dangers in the research process are over-researching and overemphasizing results. There is tremendous value in gaining feedback, but some companies are paralyzed by overanalyzing and therefore do not act. They continue to gather information, but are not sure what the data means or what to do with the data. Some opportunities will be missed if they are not grasped

immediately. There comes a point in time when marketers must act on the best information available and use their judgment. There is always risk involved in making business decisions. That is why not everyone is in business, and those who take the risk are rewarded with success or failure. Making some kind of move leads to a better understanding of the situation.

For example, if I am not sure how to price my hockey sticks, I would do some initial research to determine the price. The results range from \$50-60. Eventually, I am going to have to go with my own decision. If I price the stick at \$55 and sell very few, I will adjust the price down to \$50; but if I never enter the market, I am not going to get the additional information I need to adjust to changes (*Key 7*).

The second danger is overemphasizing research. People behave differently when being observed. When respondents are asked questions on surveys, in focus groups, or interviews, they tend to give favorable responses. There is a big difference between what a customer says they will buy on a survey and what they actually buy when strolling down the supermarket aisle. Market researchers have named the phenomenon Heisenberg's principle of uncertainty after the great atomic physicist.

Do your homework; get as much information as possible and then act. Once you have implemented a promotion, gain more feedback and adjust to changes (*Key 7*). You can never do enough research to know anything will work without a doubt. As in every other facet of life, marketing requires an element of faith.

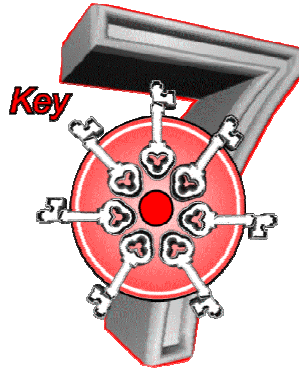
Faith Movement

Since I just used the faith term and this is a down-to-earth treatise on the science of marketing, allow me to elaborate. First of all, every decision we make is based on an element of faith. Nothing in life is certain, even science tells us that. I cannot prove beyond a doubt that you are reading this book right now, and neither can you. There are two kinds of faith: reasonable and unreasonable.

Reasonable faith is based on a certain amount of evidence and information while unreasonable faith is based on little or no information. Unreasonable faith also is the kind of faith that goes against the evidence. Here is an example to illustrate the point. Let us say I am going to drive from Los Angeles to Las Vegas in my car. I have a large gas tank and should be able to make the trip on half a tank. If I have not filled my tank in a week and my fuel gauge says empty and the little yellow light is on but I have faith I can make it to Las Vegas, then I am acting on an unreasonable faith. If on the other hand, I go to the gas station, put the nozzle in the tank, watch the numbers roll on the pump, pay my \$37 for gas, get in the car and see the needle go up to full and the yellow light go off, then I am acting on a reasonable faith that I can make it to Las Vegas. In either case, I am still acting on faith that I have enough gas to make it to Las Vegas, but in the latter scenario my faith is based on reason and evidence.

The point of this philosophy lesson is to communicate that your marketing decisions should be based on reason. You will never have the exhaustive knowledge necessary to guarantee success. Some information may even be skewed by the methods used to obtain the results. Nevertheless, you must have some evidence upon which to base your decisions. This is the

difference between reasonable and unreasonable marketing decisions. Get as much information as possible and then use the information wisely to implement changes.



Key 7: Adjust to Changes

Constant Change

There are only two constants in business: change and people that think they are saying something profound when they tell you the only constant in business is change. Of course there is change, or I would be writing this book on a cave wall instead of on a laptop PC. The difference in the past couple of decades is the rate of change. Computers have greatly affected the way we gather information and implement communication. Advances in healthcare have extended the lives of modern people. Radio, television and film have increased the scope of mass communication. Companies must consistently assess their position in the marketplace and make necessary adjustments to remain competitive.

No Change

Some things never change. Like islands floating in a river of uncertainty, there are truths that remain no matter what occurs in the environment. These are universal principles that will continue despite any technological advances created by humans. These are the ideals that the company's mission statement is based upon and the direction in which the company seeks to align itself. *The Seven Keys to Marketing Genius* are principles that will continue as long as people are people. The details on how to apply some of these principles will change over time. Smart marketers gain feedback (*Key 6*) and constantly adjust to changes in market conditions.

No Laurels

You cannot rest on the laurels of past achievement. To be successful in the long term, you must continually evaluate (*Key 6*) and improve your marketing efforts. Past accomplishments will not assure future success. As Janet Jackson put it, "What have you done for me lately?" Some companies fall into this trap by creating line extensions. They try to play on the success of a previous brand instead of doing the hard work of applying these seven keys to a new product. There are no shortcuts, and past praise will not provide future sales.

In hockey the best teams are disciplined and the players take short 40- to 50-second shifts. A professional team will have four lines of players that take turns on the ice. In hockey a shift on the ice takes the energy of sprinting a 100-yard dash. The best players give everything they have and use all of their energy. As a coach, I want

my players to come to the bench tired because that means they used everything on the ice. Each line skates their hardest and comes to the bench for a short rest.

In marketing you should either keep playing hard or go to the bench and have a seat. To go through the motions or coast around because you scored a goal last week will not cut it. Marketing requires all your energy and resources. If you do not put everything into your efforts or rely on yesterday's victories, I guarantee you will lose today.

The Revisit and Revise Ad Infinitum Continuum

Implementing the seven keys is an ongoing process. Continue to revisit and revise these elements by asking these questions:

- **SWOT**- Have there been changes in the market place? Is your competitive advantage still unique? Are there ways to stay ahead of or hedge competitors? Are there internal or external threats on the horizon?
- **Mission**- If you have done the hard work of creating a mission statement, it will come to mind whenever making decisions. The mission should also be revisited and revised at least twice a year. Evaluate how well the organization is fulfilling the mission. If it is aligned with the mission, you can feel confident that you are on the right path. If not, you will need either to refocus the energies of the organization or to revamp the mission statement to more closely fit with the true values of the organization.

- **Goals-** Are you on the path to meet or exceed your goals? Are the goals still realistic? What new goals should you be creating for the future?
- **Alignment and Synergy-** Is the company and product still in alignment with the mission? With universal principles? Is there alignment and synergy between the stated competitive advantages (*Key 1*), the purpose (*Key 2*), the image (*Key 3*), the promotions (*Key 4*), the relationships that are being established (*Key 5*), the data that is being gathered (*Key 6*) and the changes that are being made (*Key 7*)?
- **Relationships-** Are you establishing, maintaining, and affirming long-term, protected relationships with customers and employees?

You should ask these and other questions over and over again on a regular basis. Once you are satisfied with the results, start over again.

Show Them the Results

Few companies do a good job of gathering data, and even fewer are good at implementing the necessary changes. What is rarer still is the company that gains feedback (*Key 5*), implements changes (*Key 6*), and shows the customers the results of their feedback (*Key 7*). Imagine the feeling customers get when they see their ideas implemented by a company. Can you imagine the affinity they will have toward that company? This is a powerful tool that not only gets the company on the same page as the customers but creates a powerful dynamic relationship between the marketer and the consumers.

Involvement=Commitment

Involvement equals commitment; this is true on many levels and in many areas of life including the marketing process. The reason why showing the implementation of feedback to consumers is so powerful is because it intricately involves them with the product. Take the example of Mercedes who test marketed the SUV. By the time they were ready to manufacture the vehicle, the study group involved felt very committed to the project and wanted to make a purchase. The whole marketing process is about involving consumers with a product in hopes that they will begin a long-term commitment to its use (*Key 5*). Showing customers how you have implemented their feedback is a tremendous win/win tool in this process.

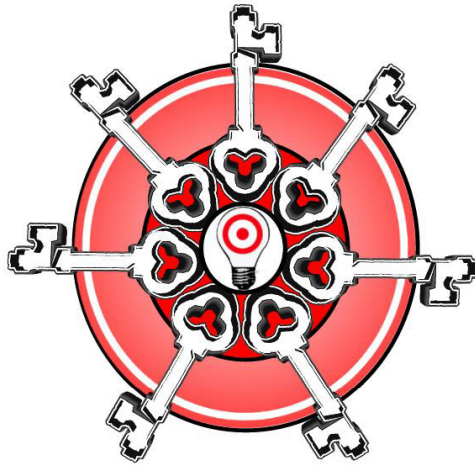
Conclusion

So you finished the book, congratulations. I hope you had as much fun reading it as I did writing it. Do you feel smarter? Like a marketing genius? You should! You now know the importance of *finding your advantage* (Key 1) so that you have the edge to dominate the market with your product. You understand why you must *define your purpose* (Key 2) so your company and your product can drive towards meeting the needs of customers. You are adept at *creating an image* (Key 3) that is consistently irresistible. You know the ins and outs of *implementing promotions* (Key 4) that have the power of synergy. You are well versed with how to effectively *build relationships* (Key 5). You know how and why to *gain feedback* (Key 6) in order to effectively evaluate your efforts and *adjust to changes* (Key 7).

Congratulations, you are now a marketing genius. If you have a fairly good understanding of these seven keys you are way ahead of the competition, and most marketing and advertising professionals. I have one request, and that is for you to be an advocate for this book. If this book was helpful to you, please recommend it to a friend, relative, professor, or publisher. I appreciate your partnership in increasing the marketing IQ of the world.

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